

Analysis of Impediments to Fair Housing Choice

City of Indianapolis

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City of Indianapolis Analysis of Impediments to Fair Housing Choice

Prepared for

Ms. Jennifer Fults
City of Indianapolis
Division of Metropolitan Development
1841 City County Building
Indianapolis, Indiana 46204

Prepared by

BBC Research & Consulting
3773 Cherry Creek N. Drive, Suite 850
Denver, Colorado 80209-3827
303.321.2547 fax 303.399.0448
www.bbcresearch.com
bbc@bbcresearch.com

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SECTION I.

Introduction

This document is the final Analysis of Impediments to Fair Housing Choice (AI) for the City of Indianapolis. This first section provides general background on AIs and the Fair Housing Act, outlines the research methodology used to complete this analysis, previews the organization of the remainder of the report, and acknowledges the assistance of key individuals.

Analysis of Impediments Background

The AI is a U.S. Department of Housing and Urban Development (HUD) mandated review of impediments to fair housing choice in the public and private sector. The AI is required for the City of Indianapolis to receive federal housing and community development block grant funding¹.

The AI involves:

- ❑ A review of a city's laws, regulations, and administrative policies, procedures and practices;
- ❑ An assessment of how those laws, policies and practices affect the location availability and accessibility of housing; and
- ❑ An assessment of public and private sector conditions affecting fair housing choice.

According to HUD, impediments to fair housing choice are:

- ❑ Any actions, omissions, or decisions *taken because of* race, color, religion, sex, disability, familial status or national origin that restrict housing choices or the availability of housing choices.
- ❑ Any actions, omissions or decisions that have the effect of restricting housing choices or the availability of housing choices *on the basis of* race, color, religion, sex, disability, familial status or national origin.

¹ The city is also required to submit a Consolidated Plan for Housing and Community Development and an annual performance report to receive funding each year. These reports were prepared separately from the AI and are available from the City Department of Metropolitan Development.

Although the AI itself is not directly approved or denied by HUD, its submission is a required component of a city's or state's Consolidated Plan performance reporting. HUD desires that AIs:

- ❑ Serve as the substantive, logical basis for fair housing planning;
- ❑ Provide essential and detailed information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates; and
- ❑ Assist in building public support for fair housing efforts both within a city's boundaries and beyond.

In 2002, the City of Indianapolis Department of Metropolitan Development contracted with BBC Research & Consulting (BBC) to conduct an AI for the city. BBC is an economic research and consulting firm with a specialty in housing studies, including fair housing.

Fair Housing Act

The Federal Fair Housing Act, passed in 1968 and amended in 1988, prohibits discrimination in housing on the basis of race, color, national origin, religion, gender, familial status or disability. The Fair Housing Act covers most types of housing activity including rental housing, home sales, mortgage and home improvement lending, and land use and zoning. Excluded from the Act are owner-occupied buildings with no more than four units, single family housing sold or rented without the use of a real estate agent or broker, housing operated by organizations and private clubs that limit occupancy to members, and housing for older persons².

HUD has the primary authority for enforcing the Fair Housing Act. HUD investigates the complaints it receives and determines if there is a "reasonable cause" to believe that discrimination occurred. If reasonable cause is established, HUD brings the complaint before an Administrative Law Judge. Parties to the action can also elect to have the trial held in a federal court (in which case the Department of Justice brings the claim on behalf of the plaintiff)³.

State Fair Housing Acts

In addition to the Federal Fair Housing Acts, many states and localities have their own fair housing laws, some of which offer additional protection to particular classes of individuals. The Indiana General Assembly passed the Indiana Fair Housing Act in 1991. In general, the Act provides the same protection as the Federal Fair Housing Act. Hoosiers can also seek protection from fair housing discrimination from the Indiana Civil Rights Law, which covers all types of properties (commercial and residential, regardless of the number of units owned) and includes all of the protected classes under the Indiana Fair Housing Act, except for familial status. The City of Indianapolis does not have a local fair housing ordinance.

² "How Much Do We Know? Public Awareness of the Nation's Fair Housing Laws," The U.S. Department of Housing and Urban Development, Office of Policy and Research, April 2002.

³ Ibid.

Research Methodology

BBC Research & Consulting's (BBC's) approach to the City of Indianapolis' AI was based on the methodologies recommended in HUD's Fair Housing Planning Guide, Vol. I, our experience conducting AIs for other cities, and the specific needs of the city according to project managers. Our workscope consisted of the following:

Task I. *Project initiation.* BBC met with the project managers from the city to refine work tasks and the project schedule, establish reporting relationships and review expectations of the project. We also collected relevant data, identified potential candidates for key person interviews, and discussed the mail surveys and public participation components of the study.

Task II. *Community data review.* BBC reviewed existing demographic, economic, employment and housing market information for the City of Indianapolis using Census 2000 demographic and income data, home price and construction/demolition data, and state and local employment data, among others. Sections II and III report on the socioeconomic and housing conditions in Indianapolis and Marion County.

Task III. *City policy review.* BBC compiled information about the city's current housing policies and programs that influence fair housing choice and impediments. This task included a review of the procedures and materials used by the city and other entities to:

- ❑ Educate Indianapolis residents about their fair housing rights;
- ❑ Collect and process fair housing complaints; and
- ❑ Provide fair housing training.

Task IV. *Compliance data review.* BBC examined all available data regarding compliance with local, state and federal Fair Housing Law, including the Home Mortgage Disclosure Act (HMDA), the Fair Housing Act and the Community Reinvestment Act (CRA). We conducted standard statistical tests on the HMDA data, reviewed CRA data, and analyzed fair housing complaints.

Task V. *Mail survey and personal interviews.* BBC distributed two mail surveys: one to Realtors and other professionals in the housing industry, and one to advocacy and educational organizations, community development corporations, affordable housing developers, and other similar organizations. The surveys asked questions about the various possible forms of housing discrimination, the groups that may experience this discrimination and the resolution of any discriminatory incidents. The surveys also tested respondents' knowledge of how fair housing complaints are filed and asked about the distribution of municipal services in Marion County.

Throughout the research process, we conducted in person and telephone interviews with housing advocates, community leaders, social service providers, government officials and others to gather additional information about fair housing impediments and their ideas for overcoming the impediments they identified.

Task VI. Identification of impediments. We examined our findings from the first five tasks in order to determine what barriers to fair housing exist in Indianapolis. Our findings and identified impediments are detailed in Section VI of the report.

Task VII. Recommendations. BBC developed a recommended Action Plan for addressing the identified impediments, fair housing monitoring and record keeping activities. The Action Plan and recommendations appear in Section VI of the report.

Report Organization

The balance of this document contains five sections and three appendices:

- ❑ Section II. Community Profile;
- ❑ Section III. Housing and Land Use Profile;
- ❑ Section IV. Compliance Data Analysis;
- ❑ Section V. Mail Survey and Key Person Interview Analysis;
- ❑ Section VI. Identified Impediments, Recommendations and Action Plan;
- ❑ Appendix A. Survey Instruments and Public Forums Presentation;
- ❑ Appendix B. Key Person Interviewees; and
- ❑ Appendix C. Public Outreach and Education Brochures.

Acknowledgements

Many individuals deserve special thanks for assisting with the completion of the AI. Russell McClure of the Department of Metropolitan Development produced or assisted with the production of the detailed maps in the report; his contribution was invaluable. Clair Belby and Tom Renkart of the Metropolitan Indianapolis Board of Realtors (MIBOR) assisted with a review of the real estate professionals survey instrument, provided us with survey contacts, and contributed real estate data. In addition, the key contacts listed in Appendix B provided essential input into the report.

Section II.

Community Profile

Introduction

This section of the AI describes the population, housing patterns, and socioeconomic characteristics of residents in Indianapolis and Marion County to set the context of the fair housing analysis.

The study area for the AI is determined by the areas in which the City of Indianapolis may distribute HUD housing and community development funding. These areas include all of Indianapolis and Marion County, with the exception of the Cities of Lawrence, Beech Grove, Speedway, and Southport, which can access HUD funds through the State of Indiana. For this report, the study area includes the City of Indianapolis, Marion County, and the nine townships within the county.

Population Growth

As of 2000, the U.S. Census reported a population of 781,870 for Indianapolis and 860,454 for Marion County. Population growth in Indianapolis and Marion County has been fairly modest over the past decade. According to the U.S. Census Bureau, between 1990 and 2000 the city's population increased 5.4 percent. Population in the county increased 7.9 percent during the same period, or at an average annual rate of .77 percent. Growth in the city and county was lower than that of the state population, which rose by 9.7 percent from 1990 to 2000. Exhibit II-1 summarizes population growth in the study area.

Exhibit II-1.
Population Trends in Study
Area

Source:
U.S. Census Bureau, 1990 and 2000.

	1990	2000
Indianapolis	741,952	781,870
Marion County	797,159	860,454
Pike	45,204	71,465
Washington	133,969	132,927
Lawrence	94,548	111,961
Wayne	125,699	133,461
Center	182,140	167,055
Warren	87,989	93,941
Decatur	21,092	24,726
Perry	85,060	92,838
Franklin	21,458	32,080

Of the nine townships, Center Township was the most highly populated in both 1990 and 2000, despite losing population during the decade. Wayne and Washington Township were the second largest in terms of population; Decatur and Franklin Townships had the

smallest populations. Exhibit II-2 on the following page shows the percentage of Marion County's population contained in each township.

**Exhibit II-2.
Percentage of
Population in Marion
County, by Township,
2000**

Source:
U.S. Census Bureau 2000 and BBC
Research & Consulting.

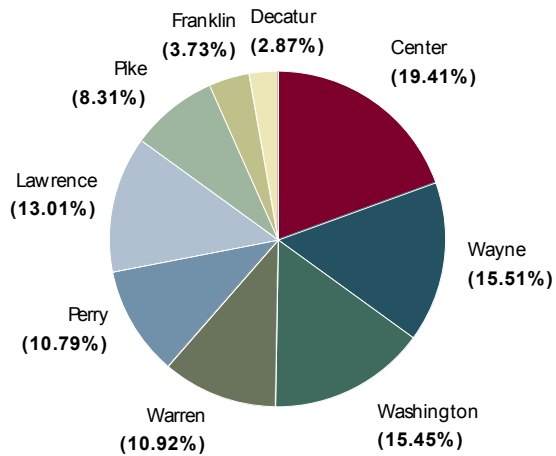
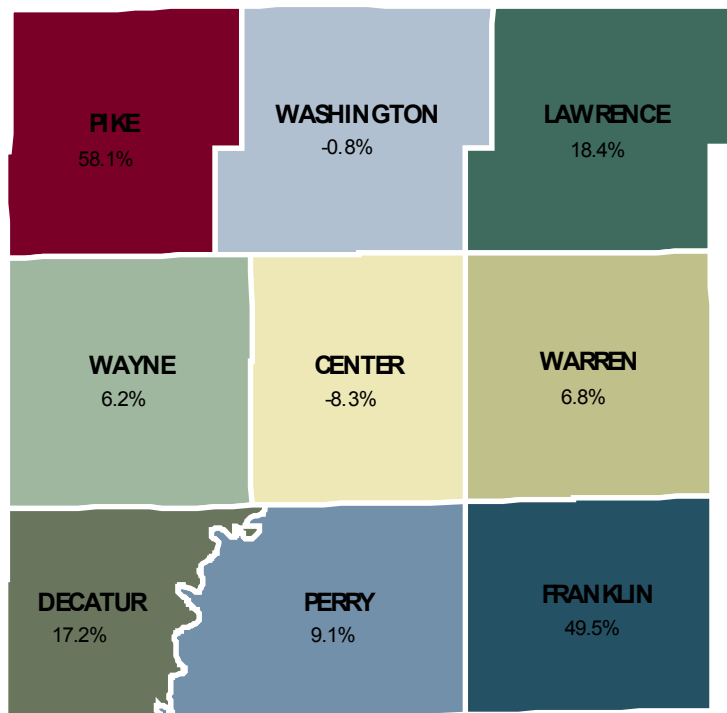


Exhibit II-3 displays the percent change in population by township from 1990 to 2000. Center and Washington Townships both had population losses. Center Township's population decreased by 8 percent from 1990 to 2000, but Washington Township's population loss was very small (less than one percent). Pike Township grew most rapidly with an increase of 58 percent, followed by Franklin Township, which increased by about 50 percent. The remaining 5 townships also increased in population.

**Exhibit II-3.
Population Growth and
Decline, 1990 to 2000**

Note:
Population increased 6.91 percent in
Indianapolis and 7.94 percent in
Marion County between 1990 and 2000.

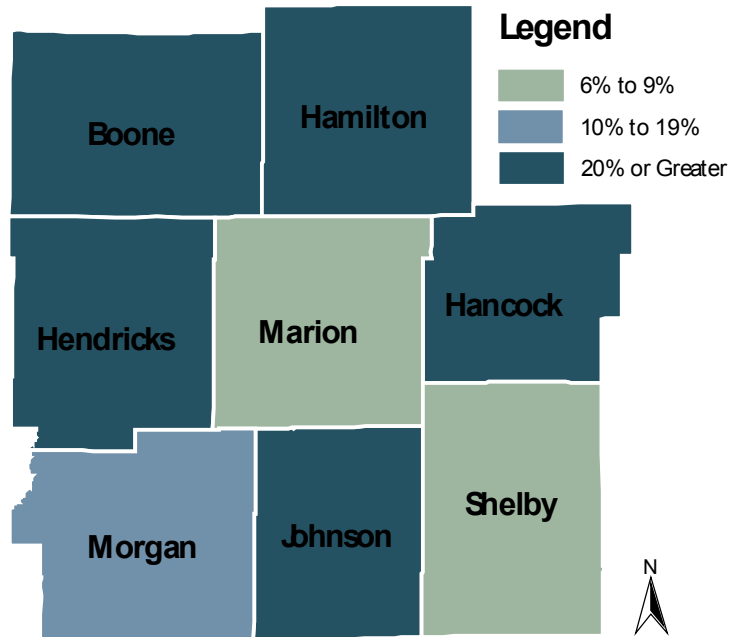
Source:
U.S. Census Bureau, 1990 and 2000.



The patterns of population change shown above indicate a movement away from the central city into outlying areas. This trend is also evident in population growth patterns in the counties surrounding Marion. Exhibit II-4 shows growth between 1990 and 2000 for Marion and surrounding counties.

Exhibit II-4.
Population Growth for
Marion and
Surrounding Counties,
1990 to 2000

Source:
U.S. Census Bureau 2000.



As shown in the map above, between 1990 and 2000 the population in 5 of the 7 surrounding counties increased by more than twice as much as the population in Marion County.

Race and Ethnicity

One of the key components of fair housing analysis is an examination of the concentration of racial and ethnic minorities within a jurisdiction to detect evidence of segregation¹. In some cases, minority concentrations are a reflection of preferences – e.g., minorities may choose to live where they have access to grocery stores or restaurants that cater to them. In other cases, minority populations are intentionally steered away or discouraged from living in certain areas. Housing prices can also heavily influence where minorities live. Housing affordability and the dispersion of affordable units is discussed in Section III.

¹ Race and ethnicity are combined for the purposes of this discussion. It should be noted however, that persons of Hispanic descent can be of any race.

Race/ethnic dispersion. Marion County is one of the most diverse counties in the state, with about one-third of its population non-white. Exhibit II-5 on the following page displays population by race for the city, county and townships.

Exhibit II-5.
Proportion of Race and Ethnicity, by Township, 2000

	Indianapolis	Marion County	Pike	Washington	Lawrence	Wayne	Center	Warren	Decatur	Perry	Franklin
American Indian or Alaska Native	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%
Asian alone	1.4%	1.4%	3.7%	1.4%	1.7%	1.6%	0.6%	1.1%	0.4%	1.1%	1.4%
African American	25.4%	24.0%	32.2%	26.8%	28.9%	19.2%	40.6%	21.6%	1.2%	1.6%	0.7%
Hispanic or Latino	3.9%	3.9%	5.5%	3.1%	3.4%	5.4%	5.1%	2.6%	1.7%	2.7%	1.3%
Native Hawaiian or Other Pacific Islander	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%
White	67.5%	68.9%	56.2%	66.8%	64.0%	71.8%	51.9%	72.9%	95.5%	93.4%	95.5%
Some Other Race	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Two or More Races	<u>1.4%</u>	<u>1.4%</u>	<u>1.9%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.6%</u>	<u>1.3%</u>	<u>1.5%</u>	<u>0.9%</u>	<u>0.9%</u>	<u>0.8%</u>
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: For purposes of this report, ethnicity (Hispanic descent) was treated as racial categories. As such, the actual percentages of population by race only are higher than shown in this exhibit.

Source: U.S. Census Bureau 2000.

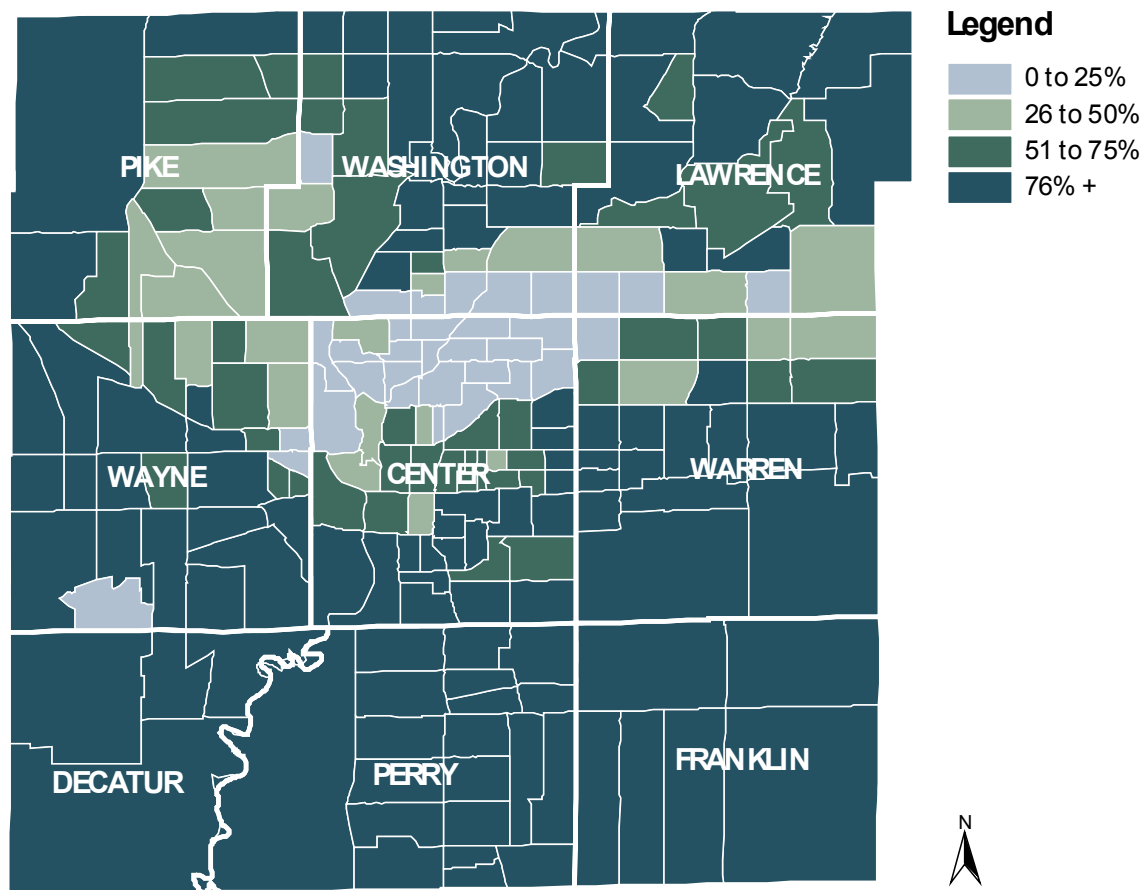
Within Marion County, Center and Pike Townships are the most racially and ethnically diverse: 48 percent and 44 percent, respectively, of their populations are non-white. This compares to just 4.5 percent in both Franklin and Decatur townships, the least diverse townships in Marion County.

Exhibit II-6 shows the distribution of residents living in Marion County who classified themselves as white, non-Hispanic in the 2000 Census².

² Hispanics are not included in the white population to more closely isolate the racial and ethnic diversity in the county.

Exhibit II-6.

Proportion of White Residents within Marion County Census Tracts, 2000



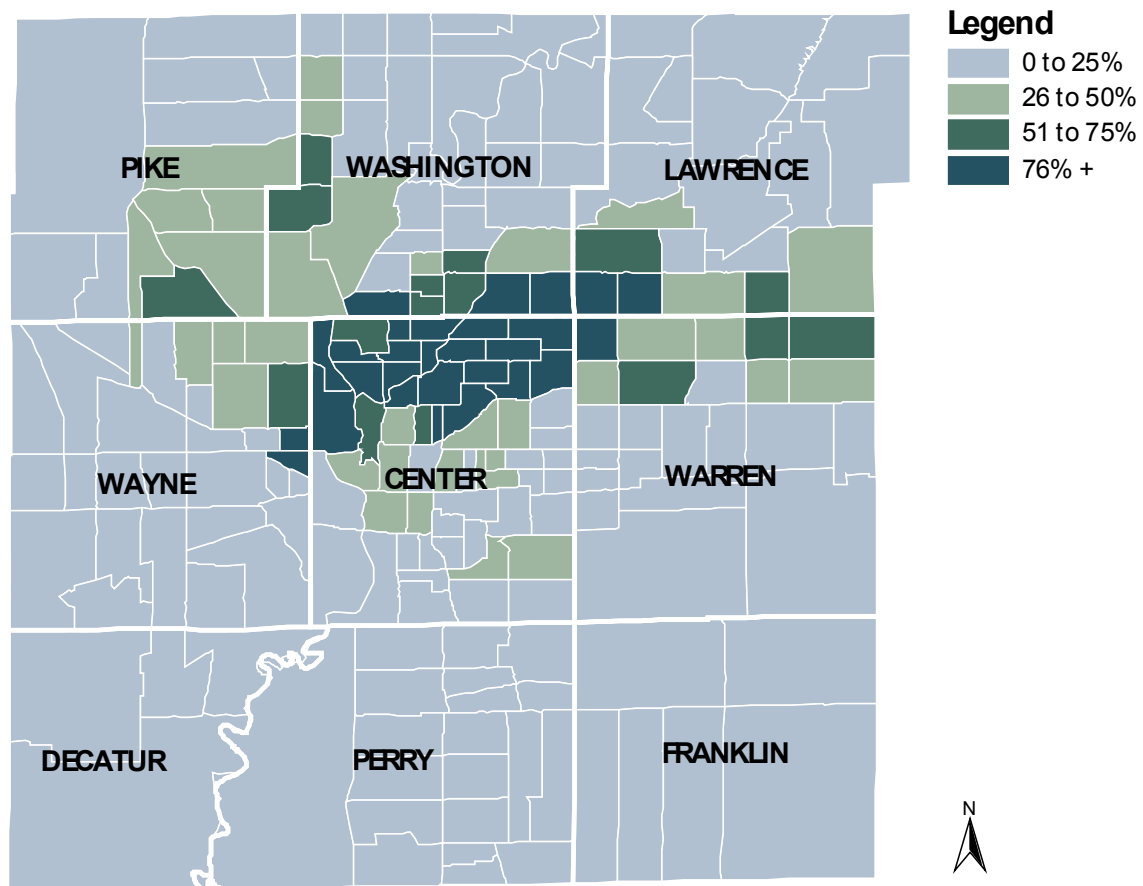
Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

As shown in Exhibit II-6 above, the townships with the largest concentration of whites are Decatur, Perry and Franklin Townships (with whites representing more than 90 percent of the population). The northern portion of Center Township, southeast Pike Township, northeast Wayne Township and the southern portions of Washington and Lawrence Townships have the lowest concentrations of whites.

Exhibit II-7 on the following page shows the concentration of African Americans in Marion County.

Exhibit II-7.

Proportion of African American residents within Marion County Census Tracts, 2000



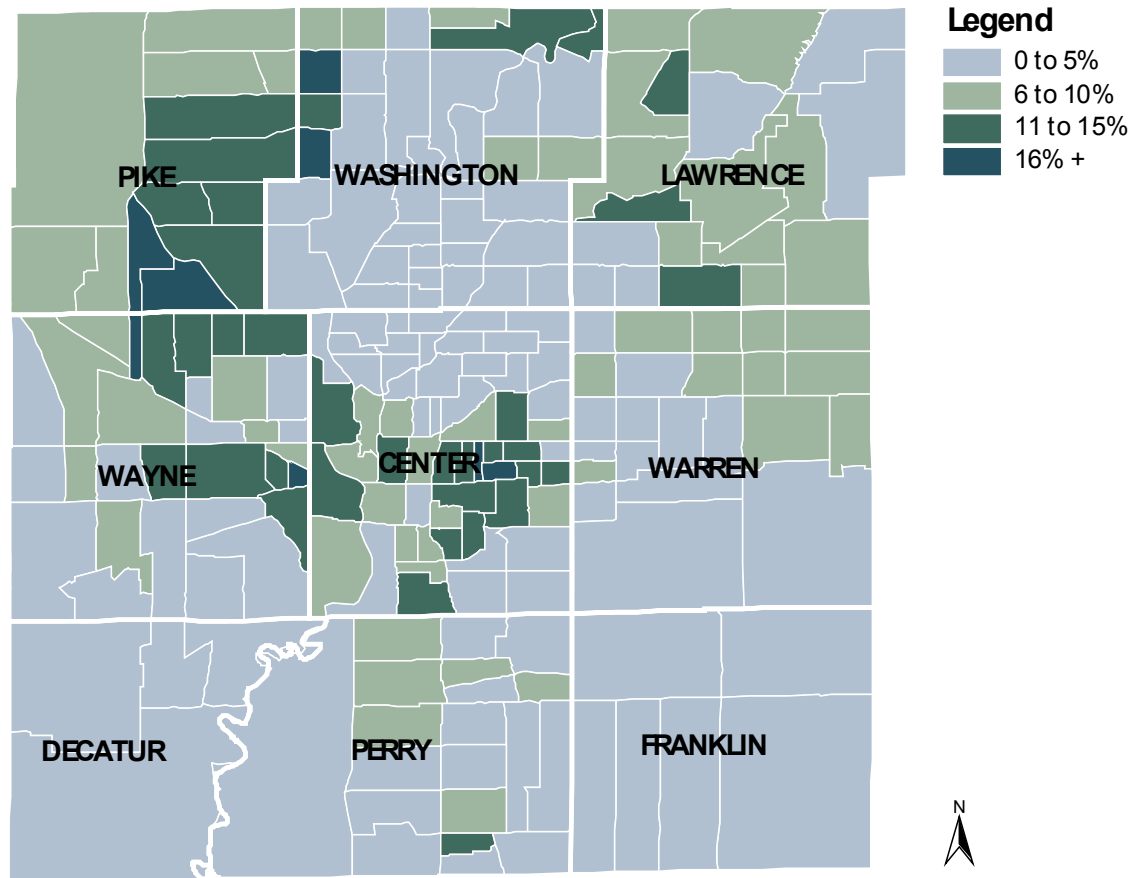
Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

Exhibit II-7 is almost the exact inverse of Exhibit II-6. Center Township and the southern portion of Pike, Washington, and Lawrence Townships have the highest concentration of African Americans. Less than two percent of the populations in the Townships of Decatur, Perry, and Franklin are African American.

Exhibit II-8 on the following page shows the concentration of Asians, American Indians/Alaskan Natives, Hispanics and individuals of other races in Marion County.

Exhibit II-8.

Proportion of Other Races within Marion County Census Tracts, 2000



Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

As shown above, Pike, Lawrence, Wayne, and Center Townships have the highest concentrations of other minority groups. The percentage concentrations are small however, compared to those of whites and African Americans.

Exhibit II-9 shows the distribution of minority groups across all townships. For example, approximately 7 percent of all whites in Marion County live in Pike Township, 15 live in Washington Township, and 12 percent live in Lawrence Township.

Exhibit II-9.
Distribution of Population by Race and Ethnicity, Across Townships, 2000

	Pike	Washington	Lawrence	Wayne	Center	Warren	Decatur	Perry	Franklin	Total
White	6.8%	15.0%	12.1%	16.2%	14.6%	11.6%	4.0%	14.6%	5.2%	100.0%
African American	11.1%	17.3%	15.7%	12.4%	32.8%	9.8%	0.1%	0.7%	0.1%	100.0%
Asian	21.8%	15.5%	16.0%	17.1%	8.6%	8.2%	0.8%	8.1%	3.7%	100.0%
Hispanic or Latino	11.7%	12.6%	11.4%	21.7%	25.4%	7.2%	1.3%	7.5%	1.2%	100.0%
Other	11.0%	15.5%	13.9%	17.3%	19.8%	11.6%	1.9%	6.9%	2.2%	100.0%

Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

As shown above in Exhibit II-9, whites are the most evenly dispersed of any racial or ethnic group. The groups with the lowest level of dispersion include African Americans and Hispanics. Nearly one-third of the African Americans in Marion County live in Center Township; 50 percent live in Center and Washington Townships combined. Similarly, 25 percent of the Hispanics in Marion County live in Center Township; 47 percent live in Center and Wayne Townships combined. In comparison, no more than 30 percent of the whites living in Marion County are concentrated in any two townships.

The Lewis Mumford Center and the University at Albany recently conducted an analysis of how the racial and ethnic composition of metropolitan areas has shifted during the past decade. The study used exposure indices, which measure the racial and ethnic composition of a Census tract where the average member of a given racial and ethnic group lives, to measure residential segregation. For the central city in Indianapolis, the study found that in 2000, the average white person lived in a Census tract that was 80 percent white. The average African American lived in a Census tract that was 56 percent African American. The study also ranked Indianapolis 13th nationally in terms of Black-white segregation. The report also showed that segregation in Indianapolis has declined since 1980.

Change in minority populations. Race data in the 2000 Census are not directly comparable to the 1990 Census and other previous censuses. In the 2000 Census, people were able to identify with more than one race, whereas in previous censuses, people could indicate only one race. Therefore, calculations reflecting the percent change in race and ethnicity from 1990 to 2000 data could vary from actual experience. However, the positive or negative direction of the change is likely to be accurate.

The 2000 Census data show that nonwhite populations in Indianapolis and Marion County grew dramatically during the past decade. This is illustrated in Exhibit II-10 on the following page.

Exhibit II-10.**Percent and Numerical Change of Population by Race and Ethnicity, 1990 to 2000**

	Indianapolis	Marion County	Pike	Washington	Lawrence	Wayne	Center	Warren	Decatur	Perry	Franklin
American Indian or Alaska Native	10.2%	13.0%	61.0%	6.9%	19.1%	1.7%	0.4%	21.1%	66.7%	16.3%	75.8%
Asian	66.9%	67.3%	166.2%	41.5%	40.4%	86.2%	40.5%	20.4%	80.5%	57.3%	162.6%
African American	20.9%	22.4%	159.7%	5.8%	42.6%	52.2%	-8.6%	76.2%	30.2%	84.0%	125.0%
Hispanic or Latino	296.7%	294.0%	652.6%	250.0%	241.8%	435.0%	279.3%	158.4%	108.5%	242.0%	121.4%
White	-4.2%	-2.9%	15.8%	-8.9%	3.8%	-9.6%	-17.0%	-8.0%	14.8%	4.9%	46.2%

	Indianapolis	Marion County	Pike	Washington	Lawrence	Wayne	Center	Warren	Decatur	Perry	Franklin
American Indian or Alaska Native	152	210	47	13	35	5	2	40	22	21	25
Asian	4,426	4,908	1,664	555	562	968	304	169	46	361	281
African American	34,333	37,864	14,146	1,960	9,664	8,776	(6,337)	8,765	70	695	125
Hispanic or Latino	22,914	24,840	3,387	2,988	2,684	5,864	6,231	1,478	218	1,769	221
White	(23,193)	(17,640)	5,495	(8,661)	2,630	(10,133)	(17,746)	(5,975)	3,045	4,026	9,679

Note: In 2000, no townships had more than 2 percent of their populations classified as "Other Race."

Source: U.S. Census Bureau 2000.

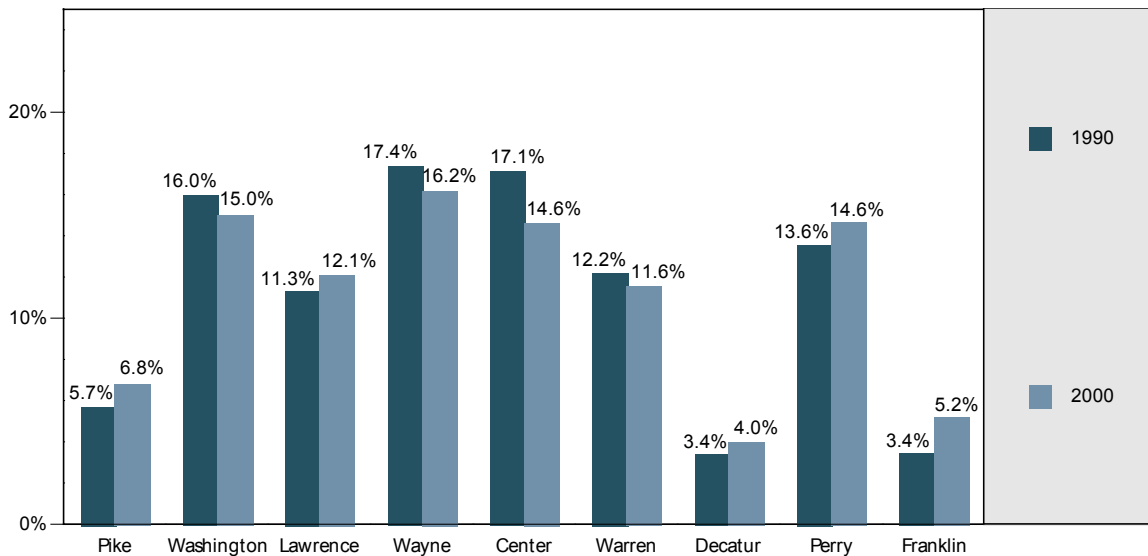
By far, the population that grew most rapidly from 1990 to 2000 was the Hispanic population, increasing 297 percent in Indianapolis and 294 percent in Marion County. Pike Township experienced the highest growth in the Hispanic population at 653 percent, followed by Wayne Township at 435 percent. The Asian population also grew notably, increasing 67 percent in Indianapolis and 67 percent in Marion County. Townships that experienced the highest Asian growth were Pike Township (166 percent) and Franklin Township (163 percent). Despite these dramatic growth rates, Hispanics and Asians make up relatively small portions of the population of Marion County (just 3.9 percent and 1 percent, respectively).

The African American population increased by 21 percent in Indianapolis and 22 percent in Marion County between 1990 and 2000. The white population in both Indianapolis and Marion County declined (by 4 and 3 percent, respectively).

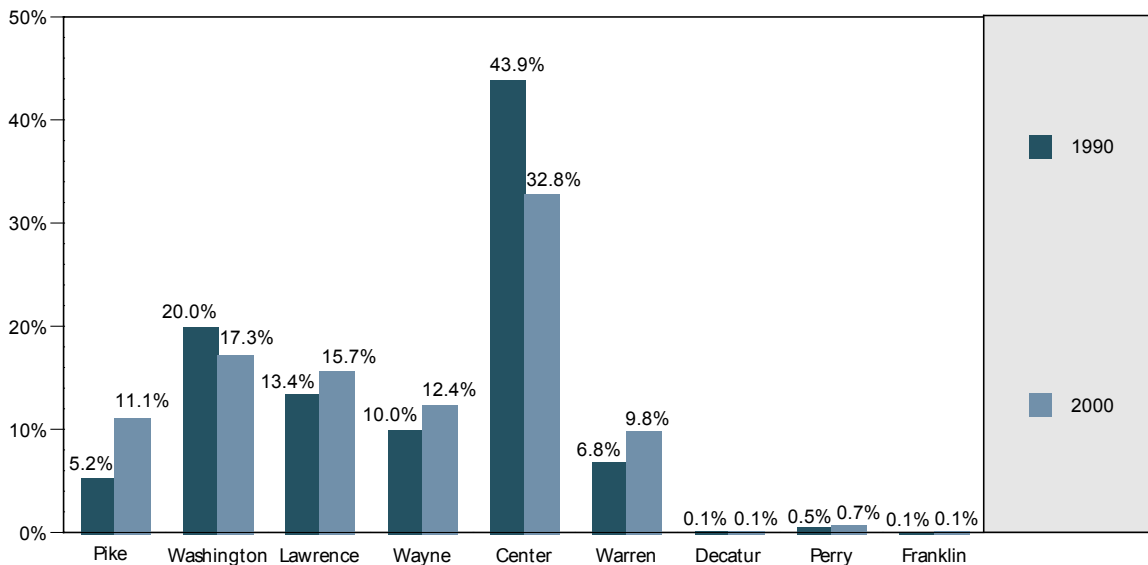
Change in distribution of populations. The growth in minority populations, along with movement of populations among townships, changed the distribution of white and minority populations between 1990 and 2000. Exhibits II-11 and II-12 below show the population distribution of white and African American residents for each township. For example, in 1990, 17 percent of the white population of Marion County resided in Center Township. By 2000, this had declined to 15 percent.

Exhibit II-11.

Distribution of White Population across Townships, 1990 and 2000



Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

Exhibit II-12.**Distribution of African American Population across Townships, 1990 and 2000**

Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

Exhibit II-11 provides some evidence of white migration (or “white-flight”) away from the central city into the largely white townships of Decatur, Perry and Franklin.

Approximately 18,000 white residents of Indianapolis moved out of Center Township between 1990 and 2000. The townships of Decatur, Perry and Franklin together added 16,750 white residents and Pike Township added 5,500 white residents. There was also an influx of white residents into the suburban counties surrounding Marion: Hamilton County added almost 80,000 white residents between 1990 and 2000.

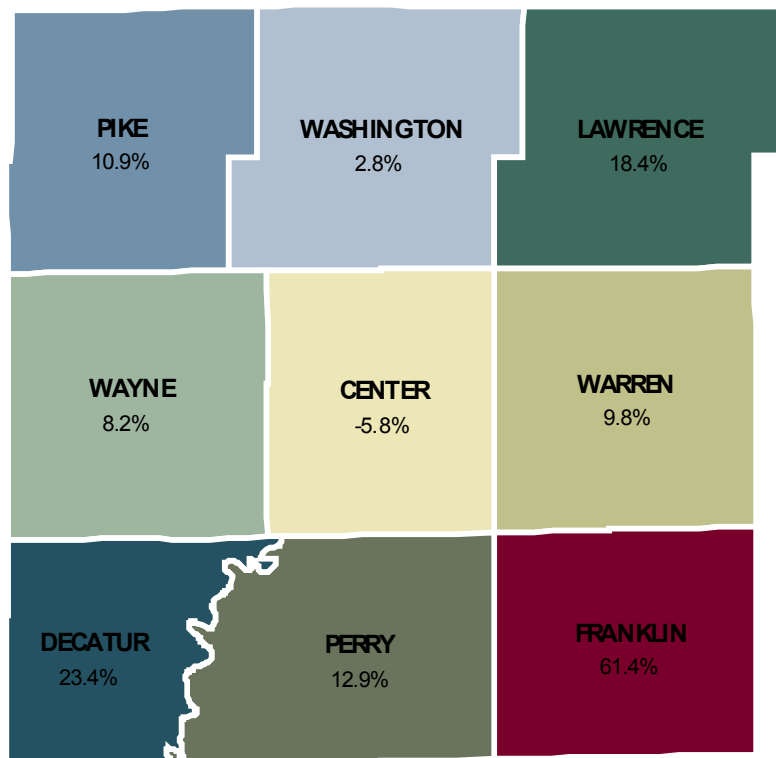
However, this pattern was not exclusive to whites: African Americans also left the central city (6,300 left Center Township), moving into Pike, Lawrence, Wayne, and Warren Townships. Pike Township alone added 14,100 African American residents. These migration patterns alone are not evidence of further or less segregation. Rather, migration patterns are influenced by a number of factors, including availability of housing, quality of community services and location of jobs. Although the movement of white residents into mostly white townships and suburbs does not help (as long as it is not by forced displacement) further integration, the dispersion of African American residents is an encouraging trend.

Household Size and Characteristics

The number of households in Indianapolis increased 9.6 percent between 1990 and 2000, to 320,107. Households in Marion County increased 10.2 percent to 352,164. Exhibit II-13 on the following page summarizes the percent change in households from 1990 to 2000, by township.

**Exhibit II-13.
Total Household
Growth and Decline,
1990 to 2000**

Source: 50.3%
U.S. Census Bureau, 1990 and
2000.



As shown in the map, Franklin Township had the most rapid growth in households, increasing by 61.4 percent. Center Township was the only area to lose households, with a 5.8 percent decline.

Household size. Exhibit II-14 shows average household sizes by race and ethnicity in Marion County for 2000.

Exhibit II-14.
Average Household
Size by Race and
Ethnicity, 2000

Source:
U.S. Census Bureau 2000.

Marion County	
Total Average Household Size	2.39
American Indian/Alaska Native	2.57
Asian	2.60
African American	2.57
Hispanic/Latino (all races)	3.47
Native Hawaiian/Other Pacific Islander	2.51
White	2.31
White, not Hispanic/Latino	2.29
Some Other Race	3.61
Two or More Races	2.56

The average household size in both Indianapolis and Marion County was 2.39 in 2000. Hispanics and people identifying with the Census category of Some Other Race had the largest households, exceeding the city and county averages by more than one household member. In general, minority households tend to be larger than the city and county average size and white households are below the average size.

Large households. Large households (more than 5 persons) usually have more difficulty finding housing – particularly affordable rental housing – due to a lack of supply. They are also at greater risk of experiencing housing discrimination based on familial status. As shown in Exhibit II-15 below, almost one-fourth of the large households in Marion County live in Center Township; 15 percent live in Wayne Township; and 14 percent live in Lawrence Township. Compared to the distribution of the population of Marion County overall, Center Township has a higher percentage of large households. Other Townships have a proportional or lower percentage.

Exhibit II-15.
Distribution of Households with 5 or More Persons

Note:

There were 29,697 households with 5 or more persons in Marion County in 2000.

Source:

U.S. Census Bureau 2000.

Households with 5 or More Persons	
Pike	7.5%
Washington	11.7%
Lawrence	14.3%
Wayne	15.0%
Center	23.3%
Warren	11.0%
Decatur	3.3%
Perry	9.8%
Franklin	4.1%
Total	100.0%

Female-headed households. Female-headed households are also at risk of experiencing fair housing discrimination based on familial status. Exhibit II-16 below shows the distribution of female-headed households across townships.

Exhibit II-16.
Distribution of Female Householders

Note:

There were 48,219 female-headed households in Indianapolis and 52,302 in Marion County in 2000.

Source:

U.S. Census Bureau 2000.

Percentage	
Pike	7.2%
Washington	13.5%
Lawrence	12.9%
Wayne	15.9%
Center	26.2%
Warren	11.7%
Decatur	2.3%
Perry	8.2%
Franklin	2.0%
Total	100%

As shown in the exhibit above, Center Township has the highest percentage of female-headed households at 26 percent, followed by Wayne and Washington Townships. Franklin and Decatur Townships have the lowest percentages of female-headed households at 2 percent. Compared to the distribution of the population of Marion County overall, Center Township has a higher percentage of large households. Other Townships have a proportional or lower percentage.

Persons with disabilities. Persons with disabilities face some of the greatest barriers to finding adequate housing. Many persons with disabilities require housing that has accessibility features, is near public transit and supportive services, and is affordable. Persons with disabilities

are also at risk of experiencing housing discrimination. Exhibit II-17 below shows the distribution of persons with disabilities in Marion County³.

**Exhibit II-17.
Distribution of Persons with
Disabilities, 2000**

Source:
U.S. Census Bureau 2000.

	Percentage
Pike	6.9%
Washington	13.6%
Lawrence	11.2%
Wayne	15.2%
Center	27.1%
Warren	11.2%
Decatur	2.9%
Perry	9.4%
Franklin	2.4%

As shown above, a disproportionate percentage of persons with disabilities live in Center Township: 27 percent live in the township, compared with 19 percent of the population overall. Slightly fewer persons with disabilities live in Pike, Washington, Lawrence, Perry and Franklin Townships than the population overall. Persons with disabilities may choose to live closer into the central city because of better access to the resources they need and due to the greater supply of affordable housing stock. However, it is important that they have equal access to housing in surrounding areas where they may prefer to reside.

Income and Income Distribution

According to the 2000 Census, the median household income in Indianapolis was \$40,154, a 6.8 percent increase over the 1990 median adjusted for inflation. Exhibit II-18 on the following page shows household income trends for Indianapolis and its nine townships.

**Exhibit II-18.
Median Household Income, 1990 adjusted and unadjusted, and 2000**

	1990 Adjusted	1990	2000	% Change
Indianapolis	\$37,646	\$29,011	\$40,154	6.8%
Pike	\$46,323	\$37,709	\$47,250	2.0%
Washington	\$45,692	\$38,042	\$47,079	3.0%
Lawrence	\$46,322	\$38,212	\$49,246	6.3%
Wayne	\$35,203	\$28,184	\$37,554	6.7%
Center	\$23,692	\$19,133	\$26,435	11.6%
Warren	\$38,506	\$30,376	\$39,672	3.0%
Decatur	\$42,180	\$32,400	\$45,690	8.3%
Perry	\$41,593	\$33,133	\$42,378	1.9%
Franklin	\$54,611	\$41,904	\$58,482	7.1%

³ This definition of disability includes physical, developmental, and mental disability.

Note: Incomes are reported for the years preceding the Census (1989 and 1999). Income in 1990 was adjusted for inflation.

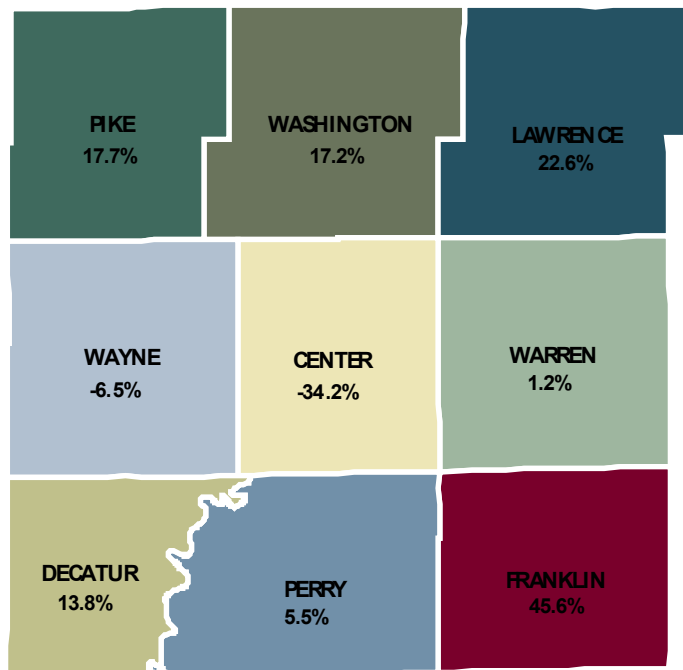
Source: STATS Indiana, www.statsindiana.edu/c2k/table23.html.

Household income levels in the majority of the townships ranged from \$40,000 to \$50,000 in 2000. Center, Wayne, and Franklin Townships were the exceptions: Center had the lowest median of all of the townships at \$26,435, or just 66 percent of the city median and 45 percent of the highest median (Franklin, at \$58,482). However, Center Township experienced one of the strongest increases in median income between 1990 and 2000; income rose 11.6 percent during this period, which was the highest increase of any Township.

Exhibit II-19 on the following page shows how each township's median household income relates to the citywide median⁴.

Exhibit II-19.
Median Household
Income, Percent
Greater/Less than the
Indianapolis Median

Source:
U.S. Census Bureau 2000 and BBC
Research & Consulting.



The exhibit above highlights the income disparities in Marion County. The median household incomes of Center Township residents were 34 percent less than the median in the city overall in 2000. In contrast, the median household income of Franklin Township residents exceeded the citywide median by more than 45 percent.

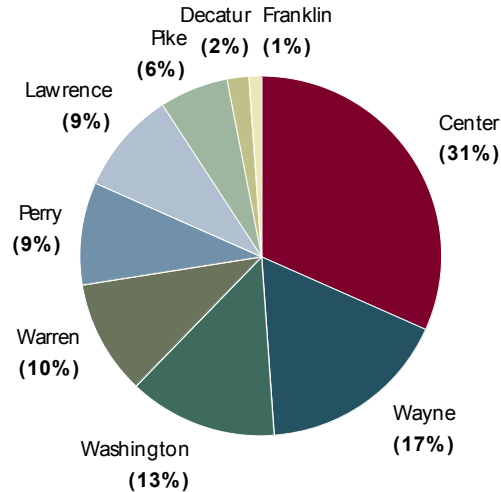
Another way to look at income disparity in the county is to examine the distribution of persons with low incomes throughout the county. Exhibit II-20 shows where households earning less than \$25,000 per year live in Marion County.

⁴ The 2000 median household income for Marion County is not yet available.

**Exhibit II-20.
Distribution of
Households Earning
Less than \$25,000, by
Township, 2000**

Source:

U.S. Census Bureau 2000 and BBC
Research & Consulting.



Center Township houses almost one-third of the county's households earning less than \$25,000 per year. About 17 percent of this population lives in Wayne Township and 13 percent lives in Washington Township. Only 1 to 2 percent of this population lives in Decatur and Franklin Townships.

Between 1990 and 2000, the percentage of persons with low incomes less than \$15,000 and \$25,000 declined in Indianapolis and Marion County. In 1990, 43 percent of Indianapolis households had incomes of less than \$25,000, and almost one fourth had incomes of less than \$15,000. Between 1990 and 2000, the percentage of persons in Indianapolis with incomes less than \$15,000 decreased by 36 percent; the percentage of persons earning less than \$25,000 dropped 32 percent. Exhibit II-21 displays the percentage of households earning less than \$15,000 and \$25,000 for the city and its townships in 1990 and 2000. For 2000, data are also presented for households earning less than \$35,000. This category is a better comparison to 1990 households earning less than \$25,000.

Exhibit II-21.

1990 and 2000 Household Income Less than \$15,000, \$25,000 and \$35,000

	1990 Less than \$15,000	1990 Less than \$25,000	2000 Less than \$15,000	2000 Less than \$25,000	2000 Less than \$35,000
Indianapolis	23.5%	42.6%	15.1%	29.1%	43.3%
Pike	14.6%	31.7%	10.2%	21.1%	33.6%
Washington	16.7%	33.2%	10.6%	22.2%	35.5%
Lawrence	14.6%	32.1%	11.2%	21.8%	34.6%
Wayne	22.8%	44.5%	14.2%	30.2%	45.7%
Center	41.7%	63.1%	28.3%	47.2%	62.7%
Warren	19.2%	40.4%	12.9%	27.7%	43.0%
Decatur	18.6%	36.0%	10.5%	22.5%	36.0%
Perry	17.5%	36.6%	11.2%	24.7%	39.8%
Franklin	9.7%	20.9%	6.0%	12.4%	22.0%

Note: Incomes are reported for the years preceding the Census (1989 and 1999).

Source: U.S. Census Bureau, 1990 and 2000.

Despite strong income growth during the decade, Center Township still stands out for having the highest percentage of low-income residents of all of the Townships. This is particularly true for the very lowest income group (households earning less than \$15,000). Twenty-eight percent of Center Township's households earned less than \$15,000 in 2000, which is more than twice as high as the percentage of low-income households in most other townships.

Employment

In January 2001, Development Strategies released "Projections of Population and Employment to 2025: Indianapolis Metropolitan Area" for the City of Indianapolis, Department of Metropolitan Development. This report identified the following employment trends in Marion County:

- ❑ Between 1970 and 1998, employment growth in Marion County exceeded population growth, indicating that many people who hold jobs in Marion County do not reside there.
- ❑ Marion County dominates the region in terms of employment opportunities. Between 1970 and 1998, the number of jobs increased 53 percent from 443,200 to 676,700.
- ❑ However, during the past 20 years, employment in the Indianapolis metropolitan area has dispersed to more suburban areas and surrounding counties. Marion County accounted for two-thirds of the jobs in the metropolitan area in 1998, compared to three-quarters in 1970. Between 1970 and 1998, the number of jobs increased six-fold in Hamilton County (although the number of absolute jobs is still small relative to Marion County).

The Indianapolis Private Industry Council (IPIC) is the organization charged with expanding employment opportunities for low-income individuals in the greater Indianapolis area. The IPIC provides a number of services to low-income individuals seeking employment, including job training and education, employment counseling, welfare-to-work transition, and youth employment development. The IPIC has several one-stop service centers located in the central city, east of the city, and west of the city to serve its target populations.

Summary and Conclusions

This section presented a profile of the communities of Indianapolis and Marion County, which addressed population growth, racial and ethnic distribution, household characteristics, income and employment. This research found the following:

- ❑ The populations of the City of Indianapolis and Marion County grew by 5.4 and 7.9 percent, respectively, between 1990 and 2000. Center Township remains the most populous area in the county, despite losing 8 percent of its population during the decade. Franklin and Pike Townships experienced the fastest population growth (around 50 percent) between 1990 and 2000.
- ❑ Minority populations are mostly concentrated in Center, Pike, Lawrence, Wayne, Warren and Washington Townships. Forty-eight percent of Center's population and

44 percent of Pike's population is non-white. Franklin and Decatur Townships are the least diverse; just 4.5 percent of their populations are non-white.

- All of the townships except for Center gained minorities between 1990 and 2000. Center Township lost white and African American populations. During the decade, African American populations became more dispersed throughout the county, except for in the southern townships.
- The distribution of female-headed households and persons with disabilities is somewhat disproportionate to the overall population distribution, with more of these households living in Center Township and fewer living in the southern townships.
- Center Township also has a disproportionate percentage of low-income households: the township houses almost one-third of the county's households earning less than \$25,000 per year.
- Continued job growth in areas outside of Marion County will put increasing pressure on transportation systems, particularly public transit, and the need for affordable housing in outlying areas to accommodate workers who cannot afford to live in the higher priced communities where job growth has been and will continue to be concentrated.

SECTION III.

Housing and Land Use Profile

Introduction

This section examines housing and land use patterns and policies in Marion County. It begins with an overview of the housing market in the county, highlighting the differences in tenure, affordability, and housing unit growth, and special needs housing among the nine townships. This section also contains a discussion of the city's zoning regulations and planning fees and the housing authority's procedures and policies.

Housing Profile

According to the U.S. Census, there were 387,183 housing units in Marion County and 352,748 units in Indianapolis in 2000. With 78,325 housing units, Center Township accounted for 20 percent of the total units in Marion County, the most of any township. Washington Township contained 17 percent of the county's housing units; Wayne had 16 percent; and Warren and Perry each accounted for 11 percent. Decatur had the fewest housing units in Marion County at 9,581, or just 2.5 percent of the total units in the county. Franklin accounted for about 3 percent of the county's units.

Housing tenure. Approximately 59 percent of the units in Marion County were owner-occupied in 2000; 41 percent were renter-occupied. (Indianapolis has roughly the same breakdown of owner and renter-occupied units). Exhibit III-1 shows the breakdown of tenure for the nine townships.

Exhibit III-1.
Percent of Units Owner and Renter-occupied, by Township, 2000

	Percent Owner Occupied	Percent Renter Occupied
Pike	58.2%	41.8%
Washington	56.6%	43.4%
Lawrence	67.0%	33.0%
Wayne	56.0%	44.0%
Center	48.5%	51.5%
Warren	65.8%	34.2%
Decatur	78.3%	21.7%
Perry	62.0%	38.0%
Franklin	80.2%	19.8%

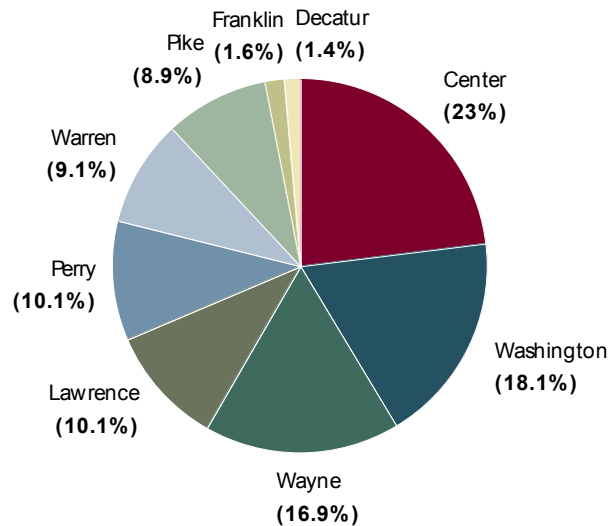
Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

As shown above, Center Township has the lowest percentage of owner-occupied units at about 49 percent. This is about 10 percentage points less than the share of owner-occupied units in Marion County overall. Franklin and Decatur have the highest percentage of housing units that are owner-occupied at around 80 percent.

In 2000, nearly one-fourth of all rental units in Marion County were located in Center Township. Washington and Wayne Townships together had another 35 percent of the County's rental stock. Decatur and Franklin each had less than 2 percent. Exhibit III-2 below shows the distribution of Marion County's rental stock among the nine townships.

Exhibit III-2.
Distribution of Marion
County Rental Units, 2000

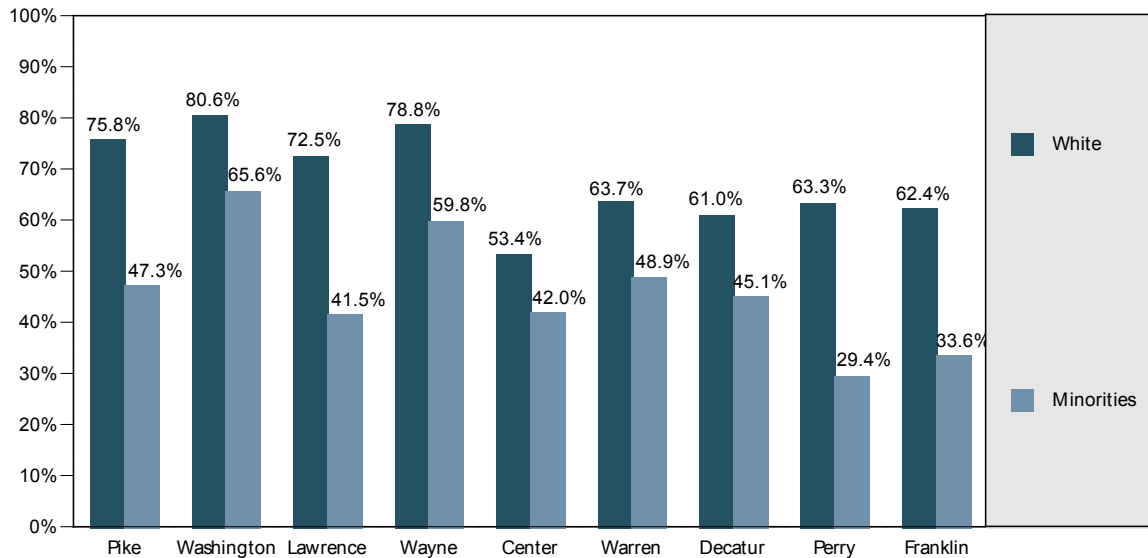
Source:
U.S. Census Bureau 2000 and BBC
Research & Consulting.



Non-white populations typically have lower homeownership rates than whites. This is, in part, related to non-whites having lower incomes than whites. Exhibit III-3 on the following page shows the percentage of whites and non-whites living in owner-occupied units, by township. The percentage of non-whites living in owner-occupied housing is lower than the percentage of whites living in owner-occupied housing in all nine townships. However, the difference in ownership varies considerably across townships. In Center Township, 53 percent of whites live in owner-occupied housing, compared with 42 percent of non-white – a gap of 11 percent. In Franklin Township, the disparity is about 29 percent.

Exhibit III-3.

Percent of White and Non-White in Owner-occupied Housing, by Township, 2000



Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

The difference in ownership between whites and non-whites may be influenced by the affordability of the housing stock in each township. For example, Center Township has some of the most affordable single family housing stock in Marion County, which makes homeownership more accessible to non-white populations.

Housing affordability. Although low-income individuals are not a protected class under the Fair Housing Act, the provision of affordable housing is an important component of fair housing policy, because many of the protected classes contain a large percentage of low-income individuals. In general, persons with disabilities, single parent families (protected under familial status), and non-white tend to have lower incomes than non-protected classes.

Housing affordability varies considerably among townships, particularly for single family housing. According to the 2000 Census, the median home value of all owner-occupied units ranged from \$56,800 in Center Township to \$132,200 in Washington Township. That is, the median value of owner-occupied housing in the most expensive township in Marion County was more than twice as high as the median in the most affordable township. The gap in median rental prices was much smaller. The highest median rent of \$659 in Franklin Township was about 35 percent greater than the lowest median rent of \$485 in Center Township. Exhibit III-4 shows the median value of owner-occupied units and the median rents in 2000 for each of the nine townships, along with the income required to afford them.

Exhibit III-4.**Median Home Value and Rent and Income Required for Affordability**

	Median Home Value	Median Rent	Income Required to Afford Median Home	Income Required to Afford Median Rent
Pike	\$120,700	\$615	\$38,835	\$24,600
Washington	\$132,200	\$656	\$42,535	\$26,240
Lawrence	\$124,300	\$594	\$39,994	\$23,760
Wayne	\$83,600	\$565	\$26,898	\$22,600
Center	\$56,800	\$485	\$18,275	\$19,400
Warren	\$89,800	\$531	\$28,893	\$21,240
Decatur	\$96,800	\$509	\$31,145	\$20,360
Perry	\$106,800	\$553	\$34,363	\$22,120
Franklin	\$117,700	\$659	\$37,870	\$26,360

Source: U.S. Census Bureau 2000 and BBC Research & Consulting.

To afford the median valued home in Center Township, a household would need to earn \$18,275 per year. This compares with earnings of \$42,535 that are required to afford the median priced home in Washington Township. The incomes required to afford the median *rents* for each township are much closer, ranging from \$19,400 in Center to \$26,360 in Franklin Township. Center is the only township in which less income is required to afford the median value home than the median rent.

Exhibit III-5 below shows the percentage of owner-occupied and rental housing affordable to very low-income households (i.e., earning less than 50 percent the area median income, or less than \$20,077) in Marion County.

Exhibit III-5.**Estimated percent of housing stock affordable to very low-income households in Marion County, 2000**

Source:

U.S. Census Bureau 2000 and BBC Research & Consulting.

	Owner-Occupied Housing	Rental Housing
Pike	7%	23%
Washington	9%	18%
Lawrence	10%	29%
Wayne	27%	31%
Center	51%	52%
Warren	21%	41%
Decatur	16%	45%
Perry	12%	33%
Franklin	8%	18%

Not surprisingly, as Exhibit III-5 shows, Center Township is the biggest provider of affordable housing in Marion County. More than 50 percent of both the single family and rental housing stock is affordable to very low-income households. The least affordable townships are Franklin and Washington, with only 8 to 9 percent of their single family housing and 18 percent of their rental housing affordable to very low-income households.

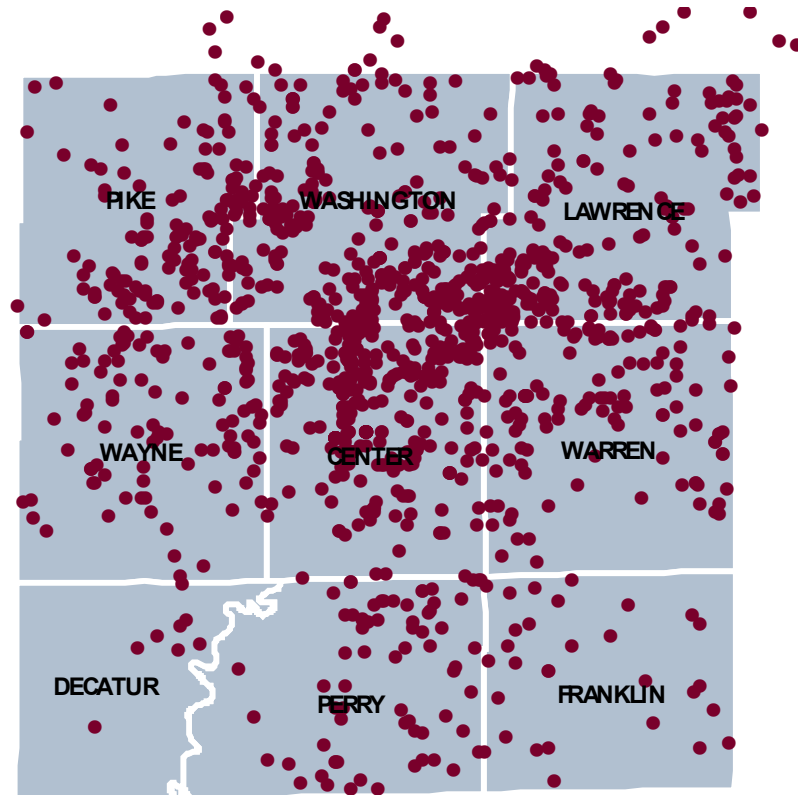
Affordable rental housing. The rental housing stock affordable to the lowest income households is primarily made up of three types of rental housing – private market units for which Section 8 vouchers are used to subsidize the cost of rent, public housing authority units, and Rental Housing Tax Credit (RHTC) units.

The Indianapolis Housing Agency (IHA) is the public housing authority (PHA) for Marion County and the City of Indianapolis. The agency administers the Section 8 program and manages eleven public housing developments. (A copy of the brochure given to prospective housing property tenants is located in Appendix C.) Only three of the eleven public housing developments are located outside of Center Township – one is in Perry Township and two are in Warren Township. Concentration of public housing developments in the central city is not an unusual phenomenon in urban areas. Most PHA developments were built decades ago and tend to be concentrated in certain areas. Housing policy has shifted from concentrated developments of PHA units to Section 8 rental subsidies which give low-income households a greater choice in where they want to live.

Exhibit III-6 shows the location of properties that accept Section 8 housing subsidies.

**Exhibit III-6.
Location of
Properties That
Accept Section 8
Vouchers**

Source:
Indianapolis Housing Agency.

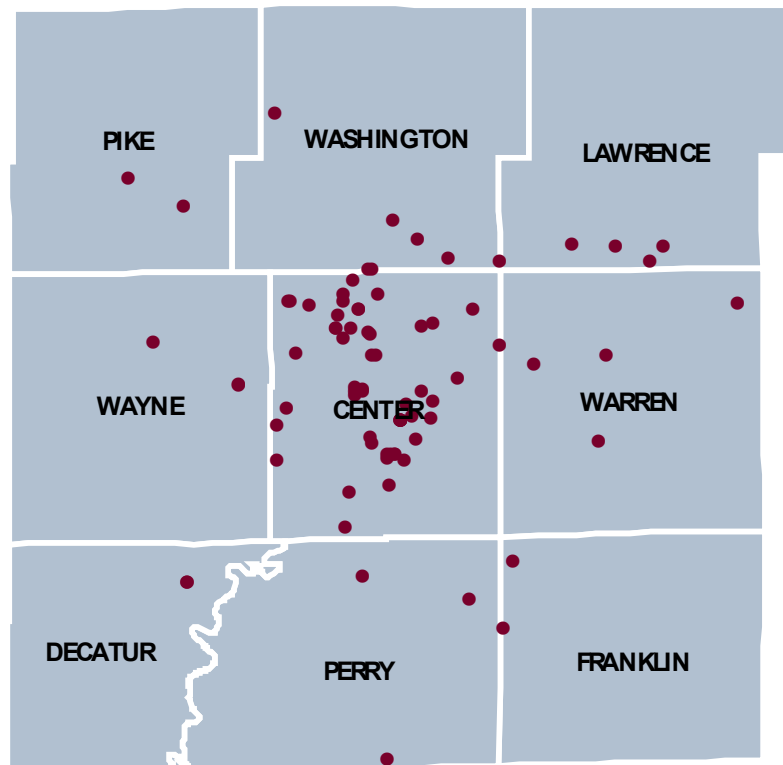


There are Section 8 units in all townships in Marion County. The majority of the properties are located in the northern and center townships. Decatur and Franklin have the fewest rental properties that accept Section 8. Overall, however, these affordable units are fairly well distributed, considering that the southern townships have the fewest housing units.

Exhibit III-7 shows the distribution of Rental Housing Tax Credit (RHTC) properties in the Indianapolis area. As of June 2002, there were approximately 5,900 affordable units in 102 different RHTC developments. Sixty-five percent of the units have 1 or 2 bedrooms and 21 percent have 3 bedrooms. Just 3 percent of the units are efficiencies or studios and 2 percent have 4 bedrooms. None of the units have 5 bedrooms.

**Exhibit III-7.
RHTC Properties**

Source:
Indiana Housing Finance
Authority.



Affordable owner-occupied housing. Multiple List Service data was obtained from the Metropolitan Indianapolis Board of Realtors (MIBOR) to examine the distribution of affordable

owner-occupied housing in the Indianapolis area. The listings were separated based on their affordability into the following categories:

- ❑ Affordable to extremely low-income households – earning less than 30 percent of the area median income (AMI);
- ❑ Affordable to very low-income households – earning between 30 and 50 percent of the AMI;
- ❑ Affordable to low-income households – earning between 50 and 80 percent of the AMI;
- ❑ Affordable to moderate income households – earning between 80 and 100 percent of the AMI; and
- ❑ Affordable to high-income households – earning more than the AMI.

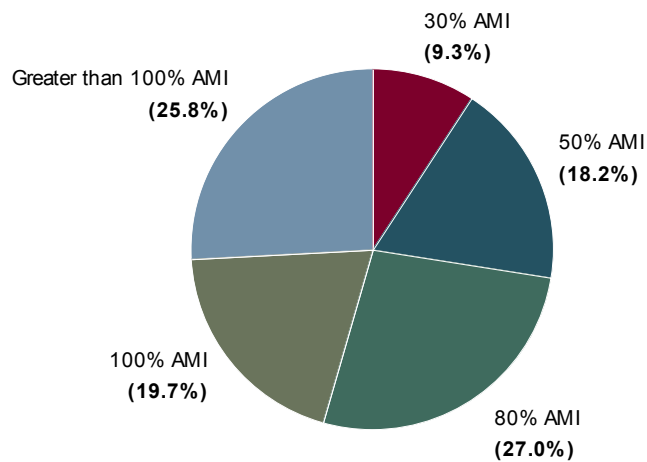
The 2000 Census reported the median income of Indianapolis as \$40,154¹.

Exhibits III-8 and III-9 show the distribution of affordable units that are currently on the market or were sold between July 1999 and June 2002.

**Exhibit III-8.
Housing
Affordability, Active
Listings, July 2002**

Note: AMI represents area median income, which was \$40,154 in Indianapolis in 2000.

Source:
Metropolitan Indianapolis Board
of Realtors and BBC Research &
Consulting.



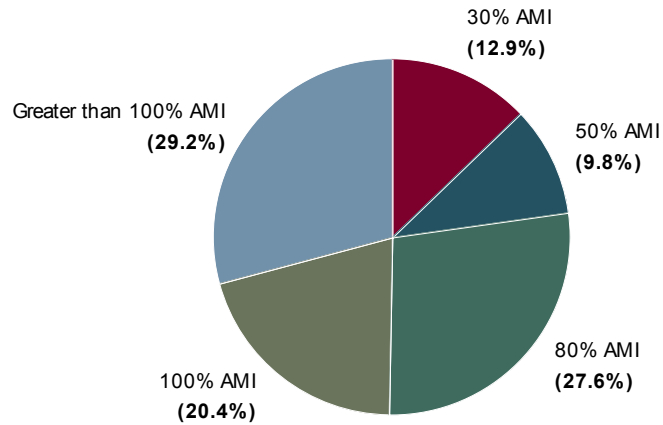
¹ The median income for Marion County in 2000 is not yet available from the Census.

**Exhibit III-9.
Housing
Affordability, Sold
Listings, July 1999
to June 2002**

Note: AMI represents area median income, which was \$40,154 in Indianapolis in 2000.

Source:

Metropolitan Indianapolis Board of Realtors and BBC Research & Consulting.



As shown above, owner-occupied housing appears to be relatively affordable in the Indianapolis area. Almost 55 percent of the listings on the market in July 2002 were affordable to households earning 80 percent of the AMI (\$32,123) or less. Nine percent of the listings were affordable to households earning less than \$12,046 (30 percent of the AMI), and 27 percent were affordable to households earning less than \$20,077 (50 percent of the AMI).

Exhibits III-10 and III-11 on the following page show the distribution of the active and sold units affordable to households earning \$20,077 or less.

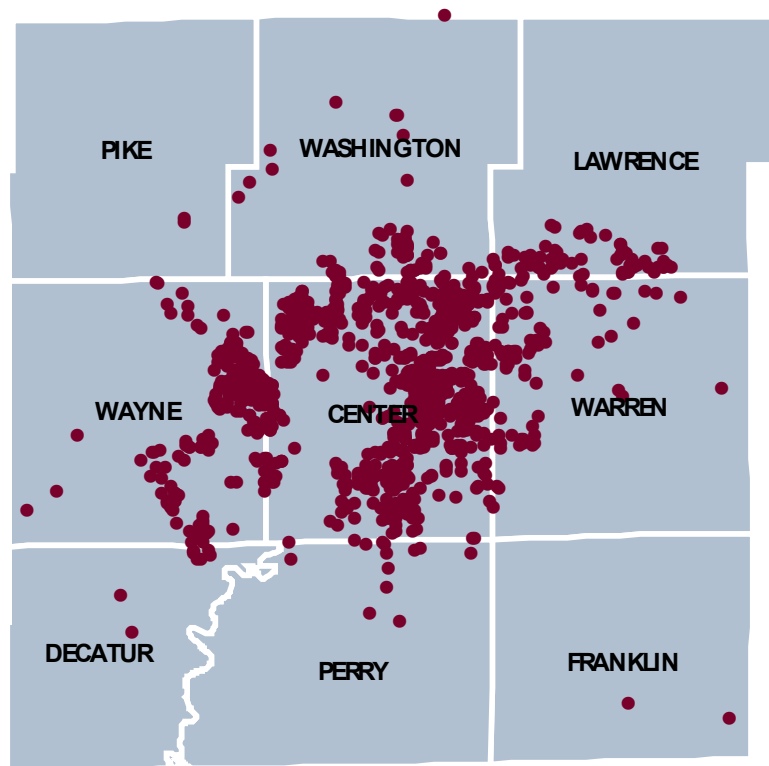
**Exhibit III-10.
Homes for Sale,
Affordable to
Households Earning
50% of AMI or Less,
June 2002**

Note:

The Area Median Income (AMI) for Indianapolis was \$40,154 in 2000.

Source:

Metropolitan Indianapolis Board of Realtors and BBC Research & Consulting.



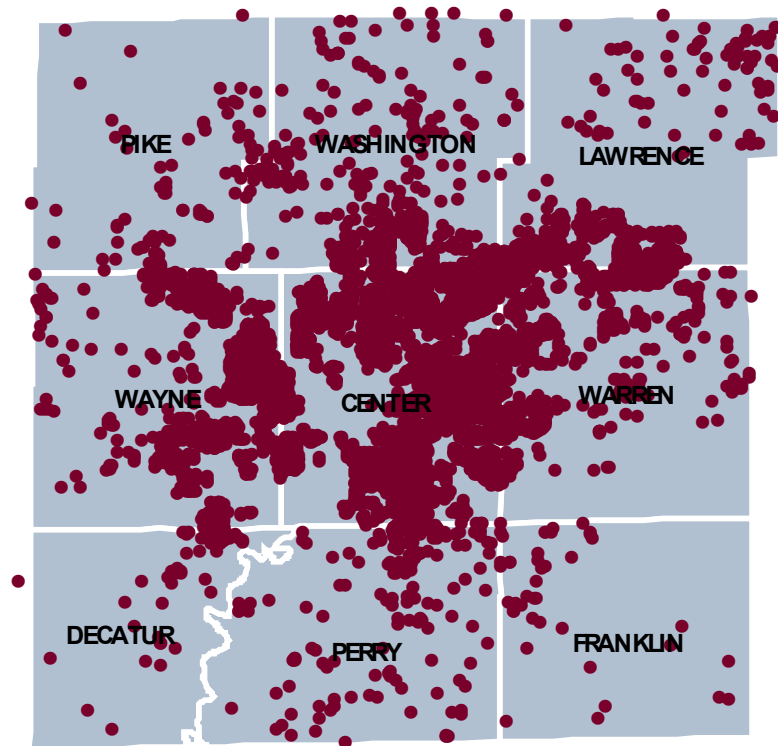
**Exhibit III-11.
Homes Sold,
Affordable to
Households Earning
50% of AMI or Less,
July 1999 to June
2002**

Note:

The Area Median Income (AMI) for Indianapolis was \$40,154 in 2000.

Source:

Metropolitan Indianapolis Board of Realtors and BBC Research & Consulting.



As shown in Exhibit III-10, the majority of owner-occupied housing currently on the market and affordable to households earning 50 percent of the AMI or less is located in Center Township. Households with earnings at this level who are looking for a home today are limited in their choice of areas in the county in which to buy a home. However, as shown in Exhibit III-11, owner-occupied homes that were sold between July 1999 and June 2002 are more dispersed throughout the county, as shown in Exhibit III-11.

Exhibits III-12 and III-13 below show the location of owner-occupied units (both active and sold listings) affordable to households earning between 50 and 80 percent of the AMI, or between \$20,077 and \$32,123.

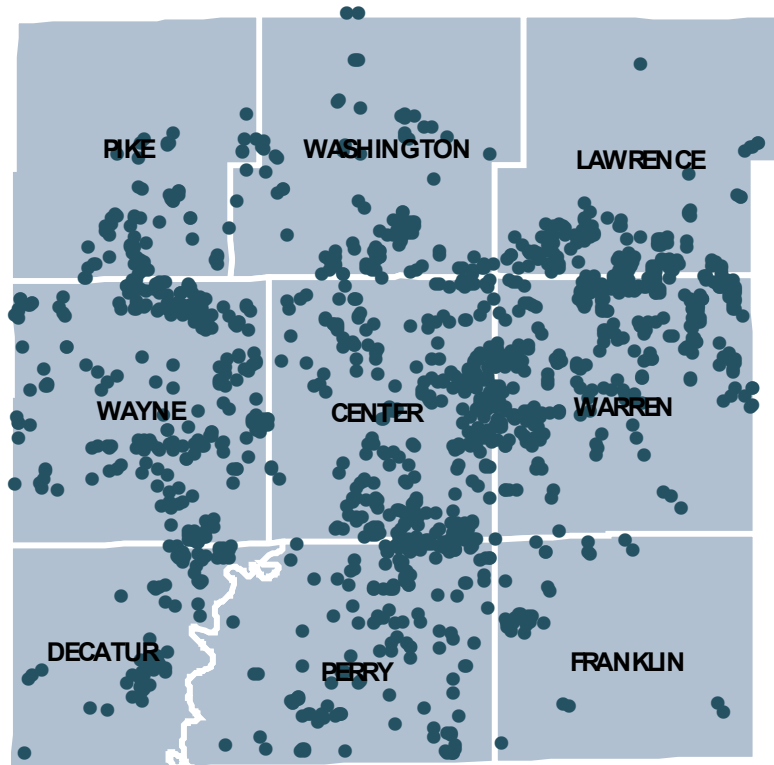
**Exhibit III-12.
Homes for Sale,
Affordable to
Households Earning
50% to 80% of AMI,
June 2002**

Note:

The Area Median Income (AMI) for Indianapolis was \$40,154 in 2000.

Source:

Metropolitan Indianapolis Board of Realtors and BBC Research & Consulting.



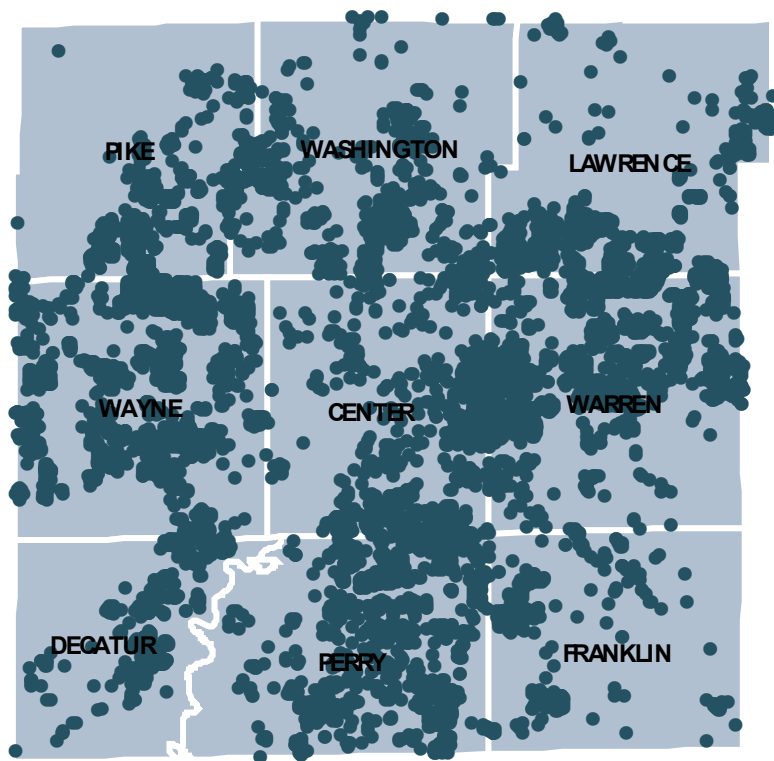
**Exhibit III-13.
Homes Sold,
Affordable to
Households Earning
50% to 80% of AMI,
July 1999 to June
2002**

Note:

The Area Median Income (AMI) for Indianapolis was \$40,154 in 2000.

Source:

Metropolitan Indianapolis Board of Realtors and BBC Research & Consulting.



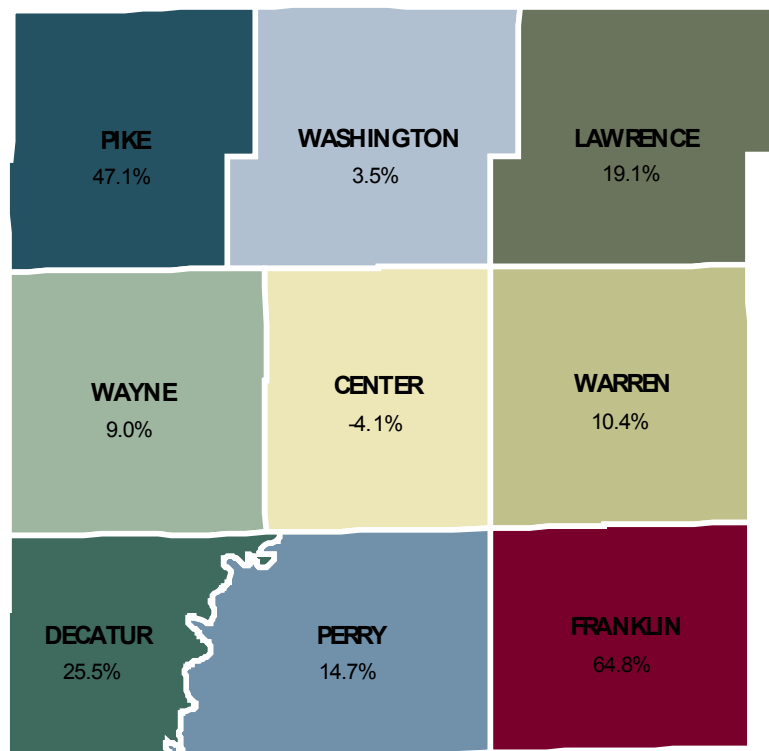
As shown above, households at 50 to 80 percent of the AMI have a much greater choice of owner-occupied housing than households earning less than 50 percent of the AMI. The majority of the townships in the county have a fairly well dispersed stock of owner-occupied housing affordable at the 50 to 80 percent AMI level.

Housing Unit Growth. Typically, areas with the newest housing stock tend to be less affordable than areas with older housing stock. Without subsidies or regulations, developers are most likely to build market rate units rather than affordable units to maximize their return on investment. The exception to this in Marion County is Washington Township, which has the highest median value of single family homes and some of the oldest housing stock.

Exhibit III-14 on the following page shows the growth and decline in housing units between 1990 and 2000 for each of the nine townships.

**Exhibit III-14.
Housing Units Percent
Increase/Decrease,
1990 to 2000**

Source:
U.S. Census 2000 and BBC
Research & Consulting.



Franklin, Pike, Decatur and Lawrence Townships experienced the most rapid growth in housing units during the past decade. These townships also have some of the least affordable housing

stock in Marion County. Also of note is the decline in housing units in Center Township. Between 1990 and 2000, Center Township lost more than 3,300 units, many of which were probably affordable units, given the high percentage of affordable units in the township.

Exhibits III-15, III-16, and III-17 below show building permit trends between 1991 and 2001 for the two fastest growing townships, Franklin and Pike, as well as for Center, which lost housing units. The graphs show the type of housing units that were both built and demolished (i.e., the net gain in units).

Exhibit III-15.
Net Gain in Housing
Units, Franklin
Township

Source:
Department of Metropolitan
Development, City of
Indianapolis.

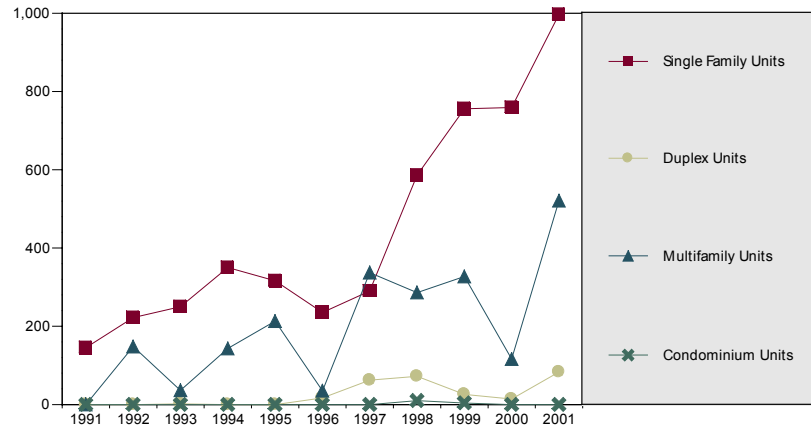
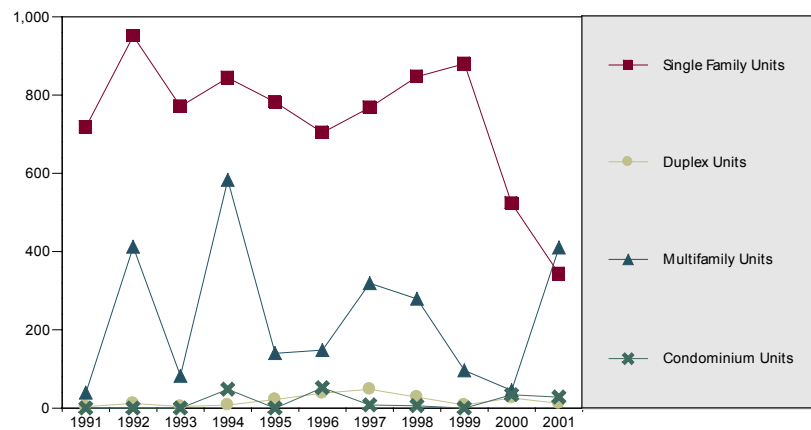


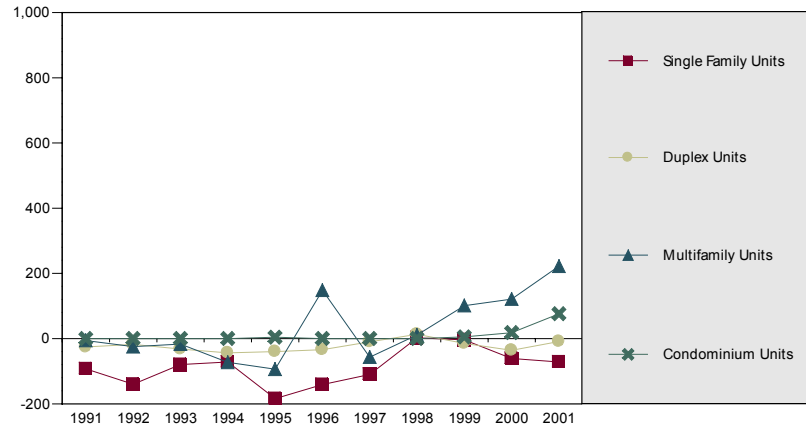
Exhibit III-16.
Net Gain in Housing
Units, Pike Township

Source:
Department of Metropolitan
Development, City of
Indianapolis.



**Exhibit III-17.
Net Gain in Housing
Units, Center
Township**

Source:
Department of Metropolitan
Development, City of
Indianapolis.



The majority of new units developed in Franklin and Pike Townships have been single family units – probably the least affordable of the housing stock built. Although the level of multifamily units developed in Franklin and Pike Townships has been below that of single family units developed, the number has been on an upward trend. Very few condominium units – which usually offer an affordable alternative to homeownership – have been built in either township.

In Center Township, the majority of units lost between 1991 and 2001 have been single family units. The loss of these units has been partially offset by the development of multifamily units and condominiums. In addition, the city and community development corporations have continued to develop affordable housing in the Township – most notable is the Fall Creek infill, which is 51 percent affordable. However, according to key persons interviews, much of the privately developed housing recently built in Center Township (largely a result of downtown revitalization efforts) is not affordable.

Special Needs Housing. In addition to affordable units, it is important to examine the distribution of units targeted specifically to persons of protected classes who have special needs. These largely consist of units and facilities to house persons with disabilities.

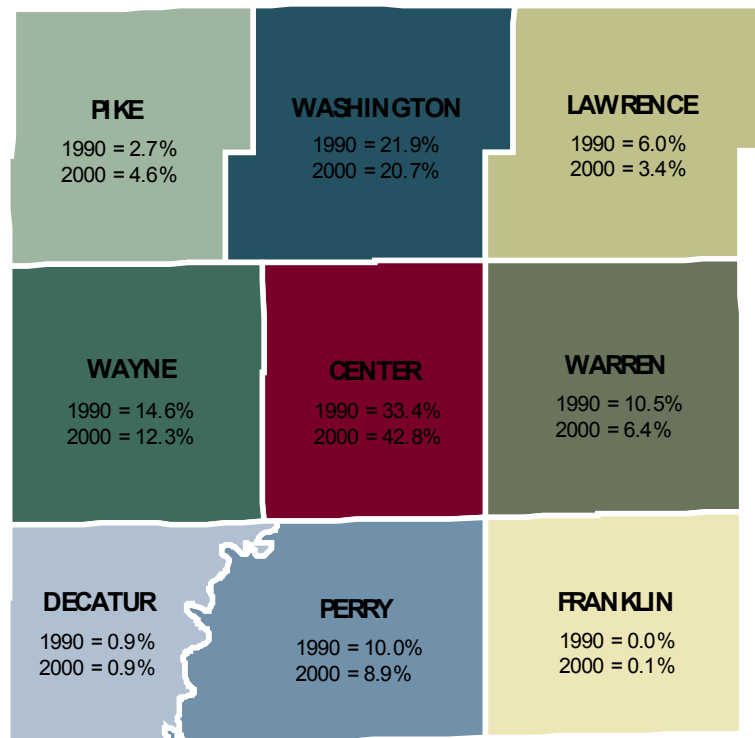
Group quarters. Group quarters house persons with disabilities – both physical and mental – as well as persons with severe mental illnesses. Group quarters should be equally distributed so that persons with disabilities are not segregated into certain areas within a city. However, persons occupying group quarters often require services that are more readily available in the central city. As such, group quarters are often more concentrated there.

The U.S. Census Bureau measures two general types of group quarters: institutional (e.g., nursing homes, mental hospitals or wards, hospitals or wards for chronically ill patients, hospices, and prison wards) and non-institutional (e.g., college or university dormitories, military barracks, group homes, shelters, missions, and flophouses). Exhibit III-18 below shows the distribution of group quarters across the nine townships for 1990 and 2000.

**Exhibit III-18.
Distribution of Group
Quarters Across
Townships, 1990 and
2000**

Source:

U.S. Census Bureau, 1990 and
2000.



As shown above, group quarters are largely located in Center, Washington and Wayne Townships. The percentage of group quarters decreased between 1990 and 2000 in Washington, Perry and Wayne Townships. Group quarters are almost nonexistent in Decatur and Franklin Townships.

The Census 2000 data on group quarters that separate out the different types of group quarters are not yet available. Therefore, the group quarters numbers above contain college dormitories, and, as such, represent more than just housing for persons with disabilities.

Nursing homes. Persons with disabilities may also be housed in nursing homes. According to the 2000 Census, there were 5,425 nursing home residents in Indianapolis and 6,013 in Marion County. Nursing homes are concentrated in Washington and Wayne Townships (over 1,000 residents in each township), followed by Warren and Center Townships. Decatur Township has just 86 nursing home residents within its boundaries; Franklin has no nursing home residents at all. The distribution of nursing home residents by township is summarized in Exhibit III-19 on the following page.

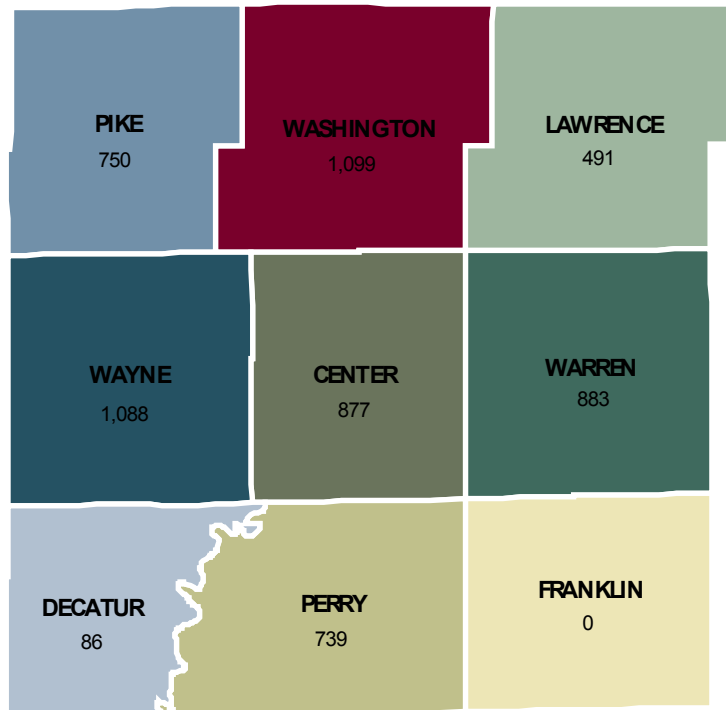
**Exhibit III-19.
Nursing Homes by
Township**

Note:

Indianapolis had 5,425 and Marion County had 6,013 nursing homes.

Source:

U.S. Census 2000.



In general, with the exception of Decatur and Franklin Townships, nursing homes are fairly well distributed across Marion County.

Public Housing Authority Policies

The policies and procedures of the IHA were reviewed as part of the AI. The IHA policy review and discussions revealed the following:

PHA communities. IHA currently owns and manages 11 properties with approximately 2,025 housing units (approximately 300 of the units were undergoing modernization at the time of this report). In May 2002, about 1,600 of the units were occupied.

- ❑ About 90 percent of the tenants in IHA communities are African American. The IHA houses approximately 85 individuals with physical disabilities or mobility limitations.
- ❑ People interested in living in IHA communities sign up on a waiting list. The IHA runs criminal background and credit checks as people get close to the top of the list. Individuals who become eligible to move into a community are allowed to reject two offers of communities before they are removed from the waiting list.
- ❑ IHA is very careful not to steer residents of their units to specific communities. The IHA gives prospective tenants a brochure describing all of the units; tenants may make an appointment to see any of the communities. Most often, tenants choose locations based on where they want to live, largely from word of mouth about the

communities. The newer, recently renovated communities are in the highest demand and have the lowest vacancy.

- ❑ If tenants are unhappy in their communities, they may apply for a transfer to another community. To qualify for a transfer, they must not have any violations or late rent payments. Emergency situations or changes in family structure can also initiate a transfer.

Section 8 housing. IHA currently administers about 6,600 Section 8 vouchers.

- ❑ To be eligible for a Section 8 voucher, a prospective tenant must meet income requirements and pass a background check. Prospective tenants who have been evicted are not eligible for Section 8 until three years after the eviction.
- ❑ After a tenant receives a voucher, IHA gives them a list of landlords in Marion County who accept Section 8. The tenant has 60 days to locate a property (and can request a 30 day extension).
- ❑ Overall, the city does not appear to have a problem with the supply of Section 8 units; however, there is a mismatch between affordability and the rent levels of available Section 8 units. Households earning less than 30 percent of the AMI have a particularly difficult time finding units. The supply of units to accommodate large families is also limited.
- ❑ IHA does not receive complaints that landlords are refusing to accept Section 8 vouchers. However, recently certain landlords have purposely failed to maintain their properties in an effort to encourage their tenants to move out so they may then convert their units to market rate.
- ❑ Recently, IHA has seen a lot of properties foreclosed on and tenants losing their deposits as a result.
- ❑ IHA feels that HUD's income targeting requirements have the potential to cause impediments to fair housing choice. IHA has had to skip over persons on the waiting list at certain income levels in an effort to get to the HUD mandates.

Zoning Regulations, Planning Fees and Codes

BBC reviewed the City of Indianapolis' zoning regulations, comprehensive plan and planning fees to assess potential fair housing concerns or opportunities resulting from the development process. This review did not identify any clear fair housing problems, however a number of items should be noted.

Zoning regulations. The city's zoning regulations allow for a wide range of development types and specifically address both manufactured housing and assisted living facilities. Overall, the zoning regulations appear appropriate.

However, the city has a minimum square footage requirement for single family housing that ranges from 900 to 1,200 square feet, depending on the dwelling district. This requirement could result in a concentration of lower income households in multifamily dwelling districts. However, the requirements for lot sizes ranging from 3,200 square feet to three acres in single family dwelling districts make the construction of larger units necessary for financial feasibility, limiting the importance of the minimum building requirement. As a result, the city will evaluate the impact of swelling districts that do not contain homeowners with a wide range of incomes.

Comprehensive Plan. The Comprehensive Plan, while non-binding, is an important policy document in its guidance of the land use process. The most recent plan has a number of components that encourage fair housing development, including the following:

- ❑ A land use goal to “(d)evlop a range of housing types, for owners and renters of all income levels in each township”²; and
- ❑ A recommendation to “(p)rovide an appropriate range of zoning options within the land use categories.”³

Planning fees. The planning fees are largely standard and do not raise any significant concerns. The only item to note is that fees in historic districts are substantially higher than fees elsewhere in the city. However, city staff indicated that higher fees are necessary due to the higher level of review required in historic districts.

Metropolitan Development Commission. The Metropolitan Development Commission (MDC) has oversight for land use planning in Indianapolis and Marion County. The Commission adopts zoning ordinances, approves development and redevelopment plans, including approving and denying variances and has the authority to declare tax abatement, define redevelopment areas, and purchase and sell property. Four members of the commission are commissioners, three are appointed by the City Council, and two are appointed by the Board of County Commissioners. The MDC consists of nine members, three of whom are minorities. Key persons interviews conducted for the AI were mostly favorable toward the MDC, indicating that the Commission represents the interests of the citizenry well.

Building, Occupancy and Health and Safety Codes. The City of Indianapolis adheres to the Uniform Building Code and the Indiana One and Two Family Code, which are legislated and administered by the State of Indiana. The State of Indiana has also adopted the best practices and recommendations made by national builders’ associations and trade organizations. The State Code has adopted the Americans with Disabilities Act (ADA) requirements that all new construction of multifamily units include units that are easily convertible to accessible units for persons with disabilities.

The city’s health and safety code (Housing Code) is administered by the Health and Hospital Corporation of Marion County (a municipal corporation). The code reflects the best practices

² *Indianapolis Insight*, p. 61.

³ *Ibid*, p. 64.

made by a variety of national associations including the American Public Health Association and the Center for Disease Control.

Indianapolis does not have occupancy permit requirements.

Other Policies

Displacement. If displacement occurs due to a Housing and Urban Development (HUD)-assisted project, the City of Indianapolis provides relocation assistance to displaced persons in accordance with the federal Uniform Relocation Act of 1970. In addition, the City of Indianapolis prepares Relocation Plans for each HUD-assisted project involving displacement. Relocation Plans are project specific and are available for public review.

Public transportation. The lack of reliable, efficient public transportation in Marion County was mentioned in almost all of the key person interviews conducted for the AI. Improvements to the transportation system was identified as a top need in both the advocacy and real estate professionals survey. Many people expressed a need for a rapid transit system that extends beyond county boundaries to areas where most of the job growth has recently occurred and is expected to continue.

The county's transportation systems were addressed as part of the recent Indianapolis-Marion County Comprehensive Plan process. The needs and goals identified in the planning process include:

- ❑ Improving bus transit;
- ❑ Expanding mass transit options;
- ❑ Providing alternative forms of transportation;
- ❑ Revising planning ordinances to enhance connectivity;
- ❑ Preserving areas for future regional transportation use;
- ❑ Providing incentives for ride sharing; and
- ❑ Establishing a regional transit authority.

Improving public transit systems and providing for alternative means of transportation can be a long, involved process. Lack of funding is often the biggest impediment to implementing and improving public transit systems. However, the city's efforts at initiating the dialogue about creating a comprehensive regional transportation system are a positive first step.

Coordination among jurisdictions. As part of the Comprehensive Planning process, a committee was formed to study and make recommendations about regional planning issues. Since the last Comprehensive Plan in the early 1990s, the greater Indianapolis area has grown into a regional economy, which has created numerous opportunities as well as challenges.

The purpose of the Regionalism Issue Committee was to:

- ❑ Explore regional planning issues that have arisen since the last Comprehensive Plan;
- ❑ Identify measures to improve regional planning activities;
- ❑ Seek a better understanding of regional development and economic patterns, including the City of Indianapolis' role in the regional economy; and
- ❑ Recommend regional approaches to enhance the goals of the Comprehensive Plan.

The primary finding of the Committee's research was that there is a need to continue the "regional planning conversation" beyond the Comprehensive Plan Update. Although the report did not address affordable housing concerns directly, its recommendations included encouraging mixed-use developments and development of a regional transit system. The responsible parties for continuing this debate include the City of Indianapolis, the Greater Indianapolis Progress Committee, the Central Indiana Regional Corporate Partnership, and the Central Indiana Citizens League.

Summary and Conclusions

This section presented a profile of housing market and land use conditions in Indianapolis and Marion County, addressing housing unit growth, housing costs, distribution of affordable housing, special needs housing, and zoning and land use policies that may affect fair housing choice. This research found the following:

- ❑ Housing unit growth has been very strong in the four townships that make up the outer corners of Marion County – Pike, Lawrence, Decatur, and Franklin. In contrast, between 1990 and 2000, Center Township lost 4 percent of its housing units.
- ❑ Center Township has the most affordable single family and multifamily housing in the county. Fifty-percent of the owner-occupied and rental housing stock in Center Township is affordable to households earning less than \$20,077 per year. The least affordable townships are Franklin and Washington, with only 8 to 9 percent of their single family housing and 18 percent of their rental housing affordable to very low-income households.
- ❑ Overall, Marion County has a fairly good supply and distribution of affordable housing, especially for households earning between 50 and 80 percent of the area median income. Affordable owner-occupied homes that have been for sale during the past 3 years have been relatively well distributed and Section 8 rental properties are located in all townships. However, Center Township offers the best opportunity of affordable owner-occupied and rental housing for extremely low to very low-income households.
- ❑ A review of the city's zoning regulations, planning fees, and codes did not reveal any major impediments to fair housing choice.

- A review of the IHA's policies and procedures did not reveal any impediments to fair housing choice for the households who are living in PHA communities, are Section 8 tenants, or are on waiting lists for these units.

SECTION IV. Compliance Data Analysis

Introduction

This section contains an analysis of home loan, community reinvestment and fair housing complaint data. Community Reinvestment Act (CRA) ratings and Home Mortgage Disclosure Act (HMDA) data are commonly used in AIs to examine fair lending practices within a jurisdiction. Fair housing complaint data are important to pinpoint the types of discrimination that are most prevalent and detect improvements or deterioration in fair housing conditions. Used in conjunction, these data sets can identify and then diagnose the reason for potential or existing housing discrimination. Each data set is reviewed in turn below. This section also includes a discussion of recent legal cases and actions in Marion County related to fair housing.

CRA Compliance

The CRA requires that financial institutions progressively seek to enhance community development within the area they serve. On a regular basis, financial institutions submit information about mortgage loan applications as well as materials documenting their community development activity. The records are reviewed to determine if the institution satisfied CRA requirements. The assessment includes a review of records as related to the following:

- ☐ Commitment to evaluating and servicing community credit needs;
- ☐ Offering and marketing various credit programs;
- ☐ Record of opening and closing of offices;
- ☐ Discrimination and other illegal credit practices; and
- ☐ Community development initiatives.

The data are evaluated and a rating for each institution is determined. Ratings for institutions range from substantial noncompliance in meeting credit needs to an outstanding record of meeting community needs. Exhibit IV-1 represents CRA Compliance for the 45 financial institutions subject to CRA in Indianapolis as of May 2002.

**Exhibit IV-1.
CRA Ratings,
Indianapolis May 2002**

Source:
FFIEC Interagency CRA Rating, May
2002.

Rating	Number of Banks	Percent
Outstanding	11	24%
Satisfactory	34	76%
Needs Improvement	0	0%
Substantial Noncompliance	0	0%

As shown above, all institutions identified in Indianapolis currently have a rating of satisfactory or better, and nearly a quarter were rated outstanding. This compares well with the national average, as does the fact that not a single financial institution reviewed in Indianapolis was found to need improvement or was substantially noncompliant with the CRA.

HMDA Data Analysis

HMDA data consist of information about mortgage loan applications for financial institutions, savings and loans, savings banks, credit unions and some mortgage companies.¹ The data contain information about the location, dollar amount, and types of loans made, as well as racial and ethnic information, income, and credit characteristics of all loan applicants. The data are available for home purchases, loan refinances, and home improvement loans.

HMDA data can provide a picture of how different applicant types fare in the mortgage lending process. These data can be used to identify areas of potential concern that may warrant further investigations. For example, by comparing loan approval rates of minority applicants with non-minorities that have similar income and credit characteristics, areas of potential discrimination may be detected.

The Federal Reserve is the primary regulator of compliance with fair lending regulations. When federal regulators examine financial institutions, they use HMDA data to determine if applicants of a certain gender, race or ethnicity are rejected at statistically significant higher rates than applicants with other characteristics. The Federal Reserve uses a combination of sophisticated statistical modeling and loan file sampling and review to detect lending discrimination.

The HMDA data tables in this section present summary HMDA data by Census tract and metropolitan statistical area (MSA). Examinations of denial rates and general applicant characteristics can suggest areas for further examination.

Loan applications and action taken. The most recent HMDA data available are for the 2000 calendar year. During 2000, there were 119,000 loan applications made in the City of Indianapolis MSA for owner-occupied homes. Forty-five percent of these applications consisted of refinances, with an additional 29 percent made up of conventional home purchase loans and the balance composed of government guaranteed home purchase and home improvement loan applications. Exhibit IV-2 on the following page shows total loan applications during 2000 by loan type (government, conventional, refinance, home improvement), loan purpose, and action taken on the loan.

¹ Financial institutions are required to report HMDA data if they have assets of more than \$32 million, have a branch office in a metropolitan area, and originated at least one home purchase or refinance loan in the reporting calendar year. Mortgage companies are required to report HMDA if they are for-profit institutions, had home purchase loan originations exceeding 10 percent of all loan obligations in the past year, are located in an MSA (or originated five or more home purchase loans in an MSA) and either had more than \$10 million in assets or made at least 100 home purchase or refinance loans in the calendar year.

Exhibit IV-2**Loan Applications Received, by Loan Type Indianapolis MSA, 2000**

	Government Guaranteed Home Purchase	Conventional Home Purchase	Refinance	Home Improvement
Total loan applications	13,730	35,000	53,949	16,642
Loan originated	82%	63%	38%	41%
Approved, not accepted	4%	8%	12%	15%
Denied	8%	21%	33%	39%
Withdrawn	5%	6%	12%	5%
Determined incomplete	1%	2%	5%	0%
Total	100%	100%	100%	100%

Note: Does not include loans for multifamily properties or non-occupants.

Source: FFIEC HMDA Aggregate Reports, 2000, and BBC Research & Consulting.

Nearly all applications for government guaranteed loans (82 percent) were originated and only eight percent of these applications were denied. The success rate is much lower for other types of loans, with conventional mortgages originated just over 60 percent of the time and other loans originated in approximately 40 percent of all cases. As would be expected, given the lower origination rates, denial rates were higher for non-government guaranteed loans, constituting 21 percent for conventional home purchase applications, 33 percent for refinances and 39 percent for home improvement loan applications. Higher origination rates for government guaranteed loans are typical, since these loans provide more flexible underwriting standards.

Approval rates by race and income. Exhibit IV-3 on the following page presents denial rates by race and ethnicity, categorized by income level and loan type. It is important to note that for all groups other than African American and white, the numbers of loan applications were relatively small. As such, caution should be used in interpreting data about other racial and ethnic groups.

For government guaranteed home purchase loans, African Americans had considerably higher denial rates than whites, and the rates for Asian/Pacific Islanders and Hispanics were slightly higher than those of whites.

A better picture is provided by analysis of conventional loan denial rates during 2000 because there are more applications for most racial and ethnic groups. Among low-income applicants, whites, African Americans, Hispanics, other and joint applicants had similar denial rates, ranging from 29 percent for whites to 38 percent for Hispanics. Low-income applicants for whom race was not available had the highest denial rates, averaging 51 percent. Relatively lower denial rates were found in the categories of American Indian/Alaskan Native and Asian/Pacific Islander. Among higher income applicants, African Americans and applicants for whom race was not available had the highest denial rates (26 and 22 percent, respectively) followed by Hispanics, other races and American Indian/Alaskan Natives. Whites, joint applicants and Asian/Pacific Islanders had much lower denial rates (5 to 8 percent).

American Indians/Alaskan Natives and African Americans had the highest denial rates for refinances among applicants for whom race was available. For home improvement loans, Hispanics, African Americans and American Indians/Alaskan Natives had the highest denial rates.

Exhibit IV-3.
Mortgage Loan Denial Rates by Race/Ethnicity and Income, Indianapolis MSA, 2000

Race/ Ethnicity	Government Guaranteed Home Purchases			Conventional Home Purchase		
	Low Income Applicants (<80% of Median)	Moderate, Middle and Upper Income Applicants (80% of Median or Greater)	Total Applicants	Low Income Applicants (<80% of Median)	Moderate, Middle and Upper Income Applicants (80% of Median or Greater)	Total Applicants
American Indian/ Alaskan Native	0%	0%	0%	18%	13%	17%
Asian/Pacific Islander	10%	9%	9%	11%	5%	7%
African American	15%	12%	14%	35%	26%	31%
Hispanic	9%	4%	8%	38%	18%	30%
White	8%	5%	7%	29%	8%	16%
Other	0%	3%	1%	33%	14%	22%
.bint	9%	6%	7%	37%	8%	15%
Not Available	10%	6%	8%	51%	22%	37%

Race/ Ethnicity	Refinances			Home Improvement Loans		
	Low Income Applicants (<80% of Median)	Moderate, Middle and Upper Income Applicants (80% of Median or Greater)	Total Applicants	Low Income Applicants (<80% of Median)	Moderate, Middle and Upper Income Applicants (80% of Median or Greater)	Total Applicants
American Indian/ Alaskan Native	39%	33%	37%	33%	33%	33%
Asian/Pacific Islander	35%	22%	27%	50%	21%	28%
African American	37%	35%	36%	37%	33%	35%
Hispanic	29%	23%	27%	65%	33%	46%
White	27%	19%	23%	29%	14%	19%
Other	33%	32%	33%	44%	21%	25%
.bint	33%	28%	30%	29%	20%	21%
Not Available	50%	36%	44%	40%	33%	36%

Source: FFIEC HMDA Aggregate Reports, 2000, and BBC Research & Consulting.

Approval Rates by minority concentration. Exhibit IV-4 below examines the disposition of loan applications from different census tracts in the Indianapolis market in 2000. The tracts are grouped by proportion of minority residents. The HMDA data shows that applicants in areas with moderate and high percentages of minorities (10 to 19 percent and 20 to 49 percent) had lower acceptance and higher denial rates than areas with few minorities (less than 10 percent). However, denial rates were nearly identical in tracts with moderate and high percentages of minorities.

Exhibit IV-4.

Loan Disposition by Minority Concentration, All Loan Types Indianapolis MSA, 2000

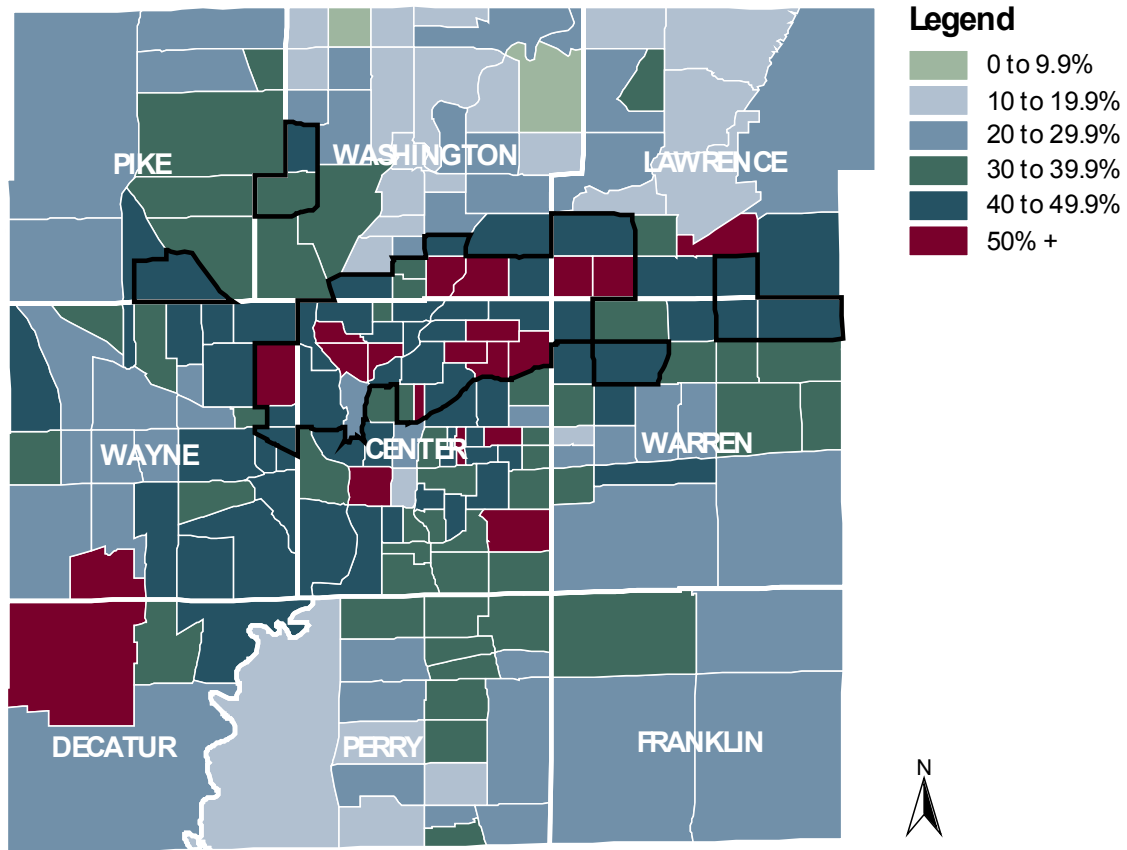
	Less than 10% Minority	10-19% Minority	20-49% Minority
Total loan applications	86,223	9,414	11,084
Loan originated	55%	44%	44%
Approved, not accepted	10%	11%	10%
Denied	24%	32%	33%
Withdrawn	8%	9%	9%
Determined incomplete	3%	3%	4%
Total	100%	100%	100%

Source: FFIEC HMDA Aggregate Reports, 2000, and BBC Research & Consulting.

Denial rate by census tract. A further examination of loan approvals by race/ethnicity is provided in Exhibits IV-5 and IV-6 on the following page. As seen in the maps in the exhibits, census tracts with high percentages of minorities tend to have above average denial rates. However, especially for home improvement loans, there are tracts that do not fit this pattern and have either high percentages of minorities and low denial rates or low minority percentages and high denial rates. The dark line in the exhibits designates census tracts with concentrations of minority populations.

Exhibit IV-5.

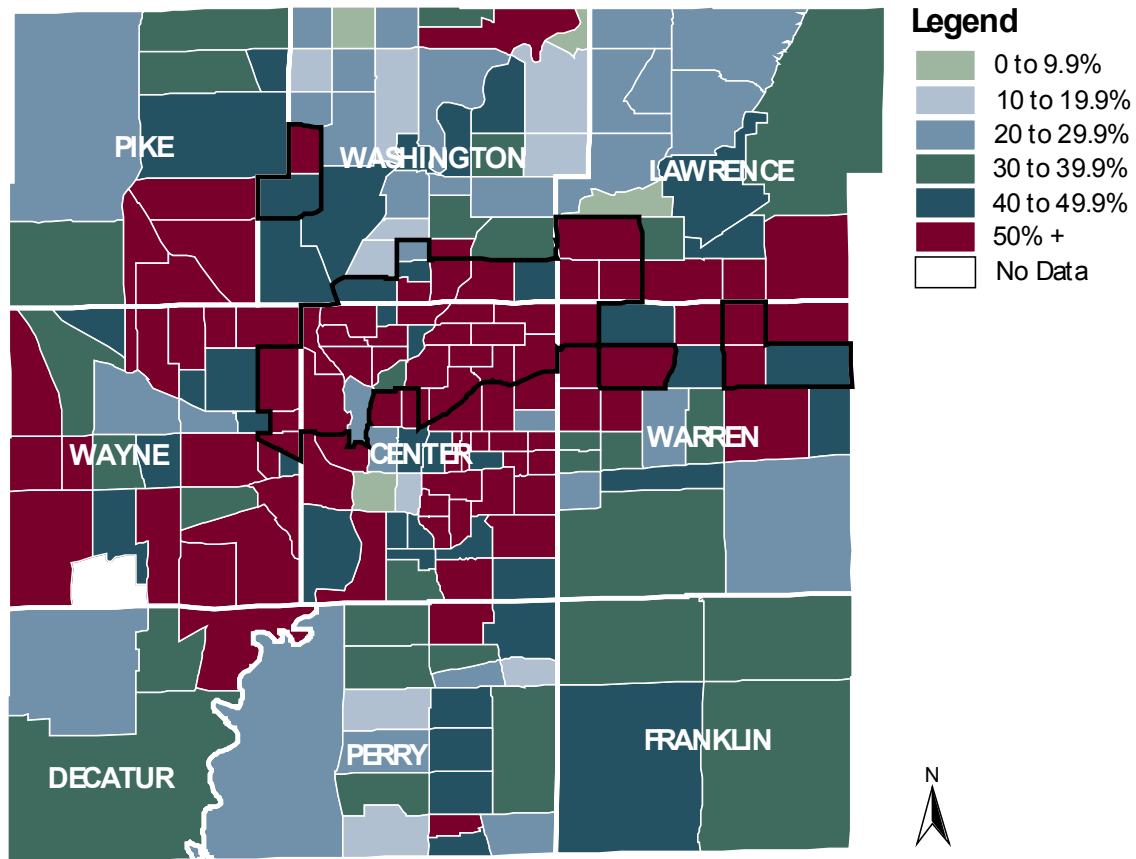
Percent of Loans Denied, Home Mortgage and Home Improvement Loans, 2000



Note: Census tracts where minority populations exceed 50 percent of the population fall within the outline.

Source: FFIEC HMDA Aggregate Reports, 2000, the City of Indianapolis, and BBC Research & Consulting.

Exhibit IV-6.
Percent of Loans Denied, Home Improvement Loans, 2000



Note: Census tracts where minority populations exceed 50 percent of the population fall within the outline.
 Source: FFIEC HMDA Aggregate Reports, 2000, the City of Indianapolis, and BBC Research & Consulting.

Martindale-Brightwood analysis. The City of Indianapolis Department of Metropolitan Development recently investigated the ratio of loans denied to loans originated in a number of community development corporation (CDC) areas throughout the city. This analysis led to a finding that this ratio was consistently higher in the Martindale-Brightwood neighborhood than in the city as a whole. Exhibit IV-7 on the following page shows the ratio of loans denied to loans originated from 1992 through 1999 for the Martindale-Brightwood neighborhood, the Indianapolis MSA and Marion County.

Exhibit IV-7.**Ratio of Loans Denied to Loans Originated in Martindale-Brightwood, MSA and County**

Loans	1992	1993	1994	1995	1996	1997	1998	1999	Percent Minority
FHA LOANS									
Martindale-Brightwood	41%	89%	23%	54%	27%	50%	44%	56%	90% +
Marion County	11%	13%	13%	10%	10%	9%	9%	NA	23%
Indianapolis MSA	10%	13%	12%	10%	9%	8%	8%	8%	15%
CONVENTIONAL LOANS									
Martindale-Brightwood	31%	45%	28%	24%	63%	75%	51%	115%	90% +
Marion County	14%	11%	14%	19%	23%	13%	28%	NA	23%
Indianapolis MSA	12%	10%	12%	17%	20%	11%	24%	28%	15%
REFINANCED LOANS									
Martindale-Brightwood	35%	29%	73%	94%	68%	124%	121%	110%	90% +
Marion County	8%	7%	29%	50%	54%	68%	47%	NA	23%
Indianapolis MSA	8%	6%	23%	35%	43%	54%	36%	59%	15%
HOME IMPROVEMENT LOANS									
Martindale-Brightwood	153%	119%	76%	142%	178%	210%	144%	152%	90% +
Marion County	53%	43%	43%	69%	89%	100%	101%	NA	23%
Indianapolis MSA	41%	35%	31%	53%	74%	81%	79%	84%	15%
TOTAL									
Martindale-Brightwood	96%	83%	78%	106%	100%	141%	115%	115%	90% +
Marion County	17%	15%	28%	36%	45%	52%	43%	NA	23%
Indianapolis MSA	13%	12%	22%	28%	36%	42%	34%	8%	15%

Note: NA indicates not available

Source: City of Indianapolis Department of Metropolitan Development.

As shown above, the ratio of loans denied to originated in the Martindale-Brightwood neighborhood was at least twice as high (and often three times as high) as the county and MSA ratios. It is notable that the Census tracts comprising the Martindale-Brightwood neighborhood were 90 percent minority or higher over the analysis period, compared to 23 percent minorities in Marion County and 15 percent in Indianapolis.

A higher denial rate for minorities does not necessarily indicate fair housing problems. It can be explained, in part, by minorities having lower incomes than non-minorities. It is also possible that credit histories vary among applicants with different racial/ethnic characteristics. Without a detailed analysis of each applicant (such data are unavailable in the HMDA records due to confidentiality), it is unclear if the reason for the difference is due to variables other than income that are considered in making the lending decision (e.g., credit history, debt to income ratios) or if discrimination in lending could be occurring. However, the consistently large difference in denial rates for the Martindale-Brightwood neighborhood warrant further investigation to explain the disparity in loan originations and identify strategies to assist Martindale-Brightwood residents obtain needed credit. The inability of these residents to secure home mortgage and improvement loans indicates a trend of disinvestment in the area, which is of concern.

Approval rates by gender and income. HMDA data are also available by gender and income. Denial rates on government-backed and conventional mortgage loans, as well as refinancings and home improvement loans, are shown in Exhibit IV-8 on the following page.

Exhibit IV-8.**Loan Denials by Gender and Income, All Loan Types Indianapolis MSA, 2000**

	Total Loan Applications	Male	Female	Joint	Not Available	All Applicants
0% to 49% of AMI	21,319	35%	34%	34%	64%	42%
50% to 79% of AMI	33,166	25%	22%	25%	47%	29%
80% to 99% of AMI	16,882	20%	18%	19%	45%	25%
100% to 119% of AMI	13,124	20%	18%	17%	38%	21%
120% of AMI +	29,256	18%	16%	11%	27%	15%
Totals	113,747	24%	25%	17%	45%	26%

Note: AMI is area median income. The FFIEC uses the AMI for the Indianapolis MSA as reported by HUD.

Source: FFIEC HMDA Aggregate Reports, 2000 and BBC Research & Consulting.

As would be expected, denial rates tend to decline as incomes rise. Among higher income applicants, joint applicants have lower denial rates than males or females. For all other income ranges, however, denial rates appear relatively similar regardless of gender. Males have slightly higher denial rates than females or joint applicants at nearly every income level, but the differences are minimal. The 2000 denial rates listed above do not provide evidence of gender discrimination in loan approvals.

Reasons for Denial. HMDA data also contain summary information on the reasons for denial by type of loan and applicant characteristics which can help explain some of the variation in approval rates among applicants. Exhibits IV-9a and IV-9b on the following pages shows the reasons for denials of 2000 loan applications by race, gender, and income for government insured and conventional home purchase loans. The numbers within boxes represent the most common reason for denial for each group of applicants.

Exhibit IV-9a.

Reasons for Denial of Loan Applications for Government Guaranteed Home Purchase Loans, by Race, Gender and Income of Applicant, Indianapolis MSA, 2000

	Debt-to-Income Ratio	Employment History	Credit History	Collateral	Insufficient Cash	Unverifiable Information	Credit Application Incomplete	Mortgage Insurance Denied	Other	Total
RACE										
Asian/Pacific Islander	33%	0%	33%	0%	0%	0%	0%	11%	22%	100%
African American	25%	4%	43%	2%	6%	3%	4%	0%	12%	100%
Hispanic	21%	8%	34%	0%	5%	8%	3%	0%	21%	100%
White	22%	5%	43%	2%	4%	1%	7%	1%	15%	100%
Other	0%	0%	100%	0%	0%	0%	0%	0%	0%	100%
.bint	6%	0%	59%	0%	0%	0%	12%	0%	24%	100%
Race not available	25%	0%	44%	3%	2%	2%	8%	0%	15%	100%
GENDER										
Male	26%	5%	41%	2%	4%	3%	6%	0%	11%	100%
Female	21%	4%	43%	3%	5%	2%	8%	0%	14%	100%
.bint	20%	5%	45%	1%	5%	1%	4%	1%	17%	100%
Gender not available	29%	0%	40%	5%	0%	0%	10%	0%	17%	100%
INCOME										
Less than 50% of MSA median	27%	7%	39%	3%	6%	3%	5%	0%	9%	100%
50% to 79% of MSA median	23%	5%	41%	1%	4%	2%	8%	1%	16%	100%
80% to 99% of MSA median	23%	2%	52%	2%	3%	1%	3%	1%	13%	100%
100% to 119% of MSA median	14%	3%	40%	2%	7%	4%	7%	1%	23%	100%
120% or more of MSA median	16%	3%	52%	3%	2%	2%	3%	1%	15%	100%
Income not available	6%	0%	47%	6%	6%	0%	12%	0%	24%	100%

Note: No government guaranteed loans were made to American Indian/Alaskan Natives.

Source: FFIEC HMDA Aggregate Reports, 2000 and BBC Research & Consulting.

Exhibit IV-9b.

Reasons for Denial of Loan Applications for Conventional Home Purchase Loans, by Race, Gender and Income of Applicant, Indianapolis MSA, 2000

	Debt-to- Income Ratio	Employment History	Credit History	Collateral	Insufficient Cash	Unverifiable Information	Credit Application Incomplete	Mortgage Insurance Denied	Other	Total
RACE										
American Indian/Alaskan Native	18%	6%	35%	12%	6%	6%	6%	0%	12%	100%
Asian/Pacific Islander	33%	4%	19%	11%	4%	0%	15%	0%	15%	100%
Black	9%	2%	36%	15%	3%	3%	4%	1%	28%	100%
Hispanic	18%	7%	38%	7%	7%	3%	2%	0%	19%	100%
White	15%	4%	43%	8%	5%	2%	5%	0%	18%	100%
Other	12%	2%	36%	17%	5%	2%	2%	0%	24%	100%
Joint	17%	8%	38%	0%	12%	4%	4%	0%	17%	100%
Race not available	12%	3%	38%	13%	4%	2%	5%	0%	22%	100%
GENDER										
Male	13%	3%	40%	11%	4%	3%	4%	0%	22%	100%
Female	15%	4%	42%	9%	4%	1%	4%	1%	20%	100%
Joint	15%	4%	43%	8%	5%	2%	7%	0%	17%	100%
Gender not available	13%	3%	35%	12%	5%	2%	5%	0%	23%	100%
INCOME										
Less than 50% of MSA median	17%	5%	46%	7%	4%	1%	3%	0%	17%	100%
50% to 79% of MSA median	14%	4%	43%	9%	4%	2%	4%	0%	20%	100%
80% to 99% of MSA median	12%	2%	39%	12%	5%	2%	5%	0%	23%	100%
100% to 119% of MSA median	13%	3%	36%	11%	4%	4%	5%	1%	24%	100%
120% or more of MSA median	12%	3%	31%	13%	5%	2%	12%	0%	22%	100%
Income not available	10%	2%	36%	13%	4%	2%	8%	1%	25%	100%

Source: FFIEC HMDA Aggregate Reports, 2000 and BBC Research & Consulting.

As demonstrated in the exhibit, poor credit history is the major reason for application denials across race, gender, loan type, and for most income categories. High debt-to-income ratios are another primary factor, particularly for Asian/Pacific Islander applicants.

What do the data suggest? There are many reasons that loan approval rates may vary for applicants in the same income brackets: credit ratings, net worth, and loan to debt ratios play a large role in the decision to deny or approve a loan. Without individual data about the applications analyzed above, it is difficult to assess the presence of discrimination by race, ethnicity, or gender. Disparities in approval rates between racial and ethnic groups or genders is not definitive proof of housing discrimination; rather, the presence of disparities suggests the need for further inquiry.

The data are also useful in determining what government sponsored programs might be needed to fill the gaps between what the private market is willing to provide and what is needed. Such programs might include the following:

- ❑ Education about loan requirements and budgeting, commonly offered through first-time homebuyer classes, may assist potential applicants in understanding how to improve their probability of receiving a mortgage loan.
- ❑ Education about good credit may help young people avoid credit problems that will hurt their chances of eventual home ownership. Credit counseling for those who already have debt problems is also important.
- ❑ Loan application approval rates for home purchases are much higher for government guaranteed loans. For borrowers with lower incomes, marginal credit, and/or little cash for downpayment, the availability of these loans can be key for obtaining homeownership. It is important that potential borrowers are educated about the availability of such loans and that lenders suggest government guaranteed loan options to applicants for whom conventional loans are not appropriate.
- ❑ Although the disparities in loan approval rates may be accounted for by credit histories, net worth and loan-to-debt ratios, these disparities highlight the importance of the CRA. Community groups and government officials could take an active role in encouraging increased CRA compliance activities by local financial institutions.

Fair Housing Complaint Data

Citizens of Marion County who believe they have experienced discrimination may report their complaints to three entities: HUD's Office of Fair Housing and Opportunity (FHEO), the Indiana Civil Rights Commission (ICRC), and the Marion County Center for Housing Opportunities (MCCHO)². Complaints that are reported to FHEO or MCCHO are sent to ICRC for

² Six complaints were filed with MCCHO in 2001. The complaints were all forwarded to ICRC for investigation. HUD reportedly receives very few complaints, which they pass on to ICRC.

investigation. ICRC is the state agency that enforces Civil Rights Law and the Fair Housing Act.

ICRC also houses the state's Fair Housing Task Force, which provides education and outreach activities related to fair housing choice to communities and citizens statewide and administers a new testing program to detect housing discrimination.

Housing discrimination complaints. Any person who feels they have been discriminated against under the Fair Housing Act and/or the Indiana Fair Housing Act may file a complaint with ICRC. ICRC is equipped to take complaints in person at their office in Indianapolis or through the mail or fax. (An ICRC brochure describing the complaint process is located in Appendix C.) The complaints must be in writing. ICRC staff can provide assistance to those who need assistance in drafting and filing their complaints. After complaints are filed, they are investigated by ICRC on both the part of the complainant and the respondent.

A complaint may be resolved in a number of ways. The ICRC Alternative Dispute Resolution (ADR) Team can attempt to resolve the dispute through mediation, if all parties agree. If mediation is not agreed upon or a resolution cannot be found, the complaint proceeds through the investigative process and is then reviewed by the executive director or ICRC. The executive director makes the final determination of probable cause that an illegal act of discrimination occurred. (If no probable cause is found, the complainant may ask for reconsideration of the complaint within 15 days). If probable cause is found, the complaint proceeds through the resolution process. A complaint may be resolved through a settlement between the parties. If a settlement cannot be reached, a public hearing takes place with an Administrative Law Judge (ALJ). In a trial, the complainant may be represented by an ICRC staff attorney. After the trial, the ALJ issues proposed findings, which are submitted to ICRC. The complainant and respondent have 15 days to file objections to the recommended findings.

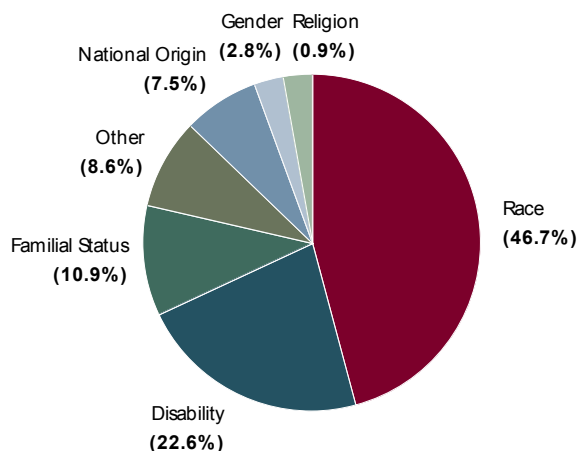
If, during the investigative, review, and legal process, ICRC finds that discrimination has occurred, the ICRC may issue an order to stop the discrimination and eliminate further discrimination.

As of May 2002, the ICRC database contained 929 records of housing discrimination complaints filed since 1992. About 30 percent of the housing discrimination complaints filed with ICRC originated in Indianapolis. Approximately 20 percent of the cases are currently open. One-fourth of the cases were closed because ICRC found no probable or reasonable cause of discrimination. Roughly 10 percent of the cases were settled or closed by a consent agreement and less than one percent were appealed.

The most common reason for discrimination identified in ICRC records was race; nearly 47 percent of the cases were filed on the basis of racial discrimination. The second most common reason for discrimination was disability (23 percent of cases), followed by familial status (11 percent). Exhibit IV-10 on the following page shows the breakdown of cases filed statewide since 1992, by basis of complaint.

**Exhibit IV-10.
Basis of Housing
Discrimination Complaints
Filed with ICRC, 1992-June
2002**

Source:
Indiana Civil Rights Commission and BBC
Research & Consulting.



The above data are consistent with national data compiled by the National Fair Housing Alliance, which have shown that complaint volumes are highest among African Americans (the largest minority population in Indiana), persons with disabilities, and families with children.

A report on fair housing trends by the National Fair Housing Alliance suggests that only one percent of housing discrimination experienced in the U.S. is reported. There were 115 complaints received by ICRC in 2001. If these complaints represent only one percent of the incidences of housing discrimination experienced, then an estimated 11,500 cases of discrimination occur annually in Indiana and an estimated 3,500 occur annually in Indianapolis.

Fair housing testing. ICRC recently developed a testing program to identify cases of housing discrimination. Testing programs “match” persons in protected classes with white individuals having the same characteristics (e.g., income levels, credit histories, rental records). These individuals independently engage in identical transactions – applying for a mortgage loan, refinancing a current loan, previewing an apartment and completing an application – and report the results of the transaction. The transactions are then compared to identify evidence of disparate treatment. ICRC does not yet have data on the housing discrimination component of the testing program.

Legal Cases

The most prominent legal case that has the potential to affect housing choice in the Marion County area is *United States v. the Board of School Commissioners of the City of Indianapolis, et. al.* In 1969, a federal court found that the State of Indiana had contributed to segregation through the design of its public education system in Marion County. In 1971, U.S. District Judge Dillin ordered IPS to begin busing its students to schools outside of the central city with low minority populations. (Busing actually began in 1981, after a series of appeals). The federal court also found that all public housing had been placed within the confines of IPS, furthering segregation in the city’s school system.

In 1998, a judgment was issued that mandated phase out of the busing system over 13 years. The judgment contained a directive that Marion County’s school systems maintain at least a 20 percent level of African American students. The Indianapolis Housing Agency (IHA) had a

vested interest in a successful outcome to the desegregation case since many of its tenants were involved in busing. IHA entered into an agreement with the State of Indiana and the United States to undertake a number of housing initiatives to increase the number of low-income and minority families who can find housing in the areas outside of the central city.

The agreement included the following commitments from IHA:

1. Creation of a fair housing center with the purpose of providing services to persons interested in renting or purchasing a home in an area that would facilitate racial integration in Marion County;
2. Work to develop new sources of funding and redirection of existing funding for a supplemental rental voucher program;
3. Work to develop a mortgage assistance program;
4. Work with the local real estate community to identify affordable single family housing opportunities throughout Marion County; and
5. Work with lending and financial institutions to work to develop loan products to assist low income, minority families to obtain homeownership.

The State of Indiana committed to assisting the above efforts through education, marketing, and public relations support.

In 2001, IHA opened the Marion County Center for Housing Opportunities (MCCHO), a fair housing center whose mission is to increase fair housing choice in Marion County. (Brochures about MCCHO are located in Appendix C.) Since its opening, MCCHO has been engaged in education and outreach activities to introduce the organization and inform citizens about their fair housing rights. MCCHO is in the process of implementing a Mobility Counseling Program to facilitate racial integration and diversity throughout the county.

The program is focused on the Townships of Decatur, Perry, Franklin and Wayne. MCCHO will target the program at housing choice voucher recipients, families whose children have been participating in school busing (“transfer families”), and new employees working in the targeted townships.

When fully implemented, the Mobility Counseling Program will have six components:

1. **Mobility counseling.** This component has two features: tenant recruitment and placement and housing counseling and training. The tenant recruitment and placement will include briefings to new Section 8 tenants and transfer families about opportunities to relocate to the target areas. Interested persons will receive housing counseling and training, which includes efforts to match tenants with appropriate units and assistance with the search and application process.
2. **Van tours.** These tours will take interested tenants to neighborhoods in Decatur, Franklin and Perry Townships to introduce them to the properties available to them.

3. **Landlord recruitment and retention.** MCCHO staff will meet with prospective landlords (in both tax credit properties and other rental properties) to encourage their participation in the Section 8 program.
4. **Fair housing education.** This component will continue MCCHO's education and outreach efforts to educate citizens about their fair housing rights.
5. **Other supportive services.** Such services include homeownership counseling and training through IHA and the Indianapolis Neighborhood Housing Partnership and continued enforcement of the Fair Housing Act through ICRC and HUD.
6. **Resource library.** A resource library of available properties, their amenities, and information about the targeted townships has been established at MCCHO.

In addition to the above efforts, IHA has implemented a down payment assistance program to assist in moving public housing residents into homeownership and has been working to establish a Section 8 homeownership program. IHA is also in the process of formulating a plan to convert one of its communities into homeownership. Finally, IHA is looking for opportunities to purchase multifamily properties in the suburban school districts, which would assist them, in part, in achieving their desegregation commitments.

SECTION V.

Mail Survey and Interview Analysis

This section summarizes the results of 229 completed mail surveys and 22 key person interviews. In May 2002, BBC surveyed two separate groups that play a role in fair housing choice in Marion County: 1) Advocacy, social service, housing and community development organizations, and 2) Real estate professionals and lenders. Although the two survey instruments were tailored to their respective audiences, both included the same major types of questions. The City of Indianapolis also conducted a survey targeted to residents as part of the Consolidated Plan process. Finally, six public forums were conducted as part of the city's Consolidated Plan and AI process; the presentation that was given about the AI is attached in Appendix A.

The first part of this section discusses the results of the surveys and is organized around the two survey groups. The second part of this section reports findings from the key person interviews conducted as part of the AI process.

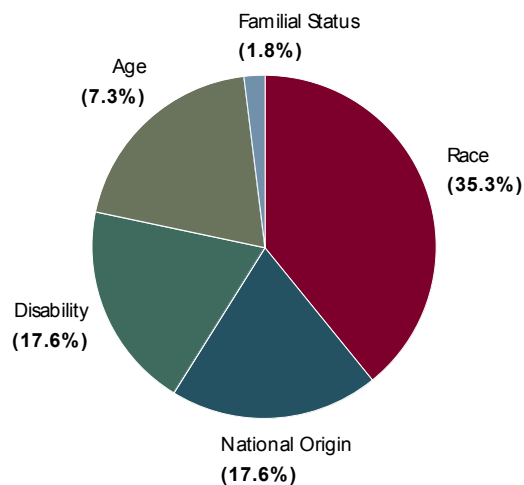
Advocacy Survey

A total of 751 advocacy surveys were distributed, and 41 were returned for a response rate of 5.5 percent. It should be noted that this survey is not representative of the experience of Marion County residents overall, some of it was distributed to key organizations, not citizens. A copy of the advocacy survey instrument can be found in Appendix A.

Prevalence of discrimination. Approximately 71 percent of advocacy respondents were not aware of housing discrimination occurring in Indianapolis sometime in the past five years. Twenty-nine percent said they were aware of someone experiencing housing discrimination. Exhibit V-1 shows the protected classes respondents believe have experienced an impediment and/or discrimination in obtaining housing in the past five years.

Exhibit V-1.
Reason for Impediment
and/or Housing
Discrimination

Source:
BBC Research & Consulting.



As shown above, 35 percent of respondents who were aware of the occurrence of housing discrimination said race was the primary reason. Also prevalent was discrimination based on national origin, disability and age (each 17.6 percent). Approximately 12 percent of respondents identified familial status as the reason for discrimination, and no respondent recognized religion or gender as reasons for housing discrimination.

When asked about the most common types of housing discrimination of which they are aware, advocacy respondents most frequently replied that a “housing provider, lender or insurance agency discriminated in a rental, sale or lending decision” (15 percent) and a “housing provider or lender directed persons to certain neighborhoods” (also 15 percent).

“The most serious problems are with lenders.”

Among other types of housing discrimination were “housing providers falsely denying that housing was available” and “discrimination in treatment of buyers or renters” (both 12 percent). Housing providers establishing more stringent regulations for disabled was another negative experience noted by advocates. Exhibit V-2 summarizes the *types* of housing discrimination respondents identified in Indianapolis in the past five years.

Exhibit V-2.
Types of Housing Discrimination Identified

	Number of Respondents	Percent of Respondents
Housing provider, lender or insurance agency discriminated in rental, sale or lending discrimination	6	14.6%
Housing provider or lender directed to certain neighborhoods	6	14.6%
Housing provider falsely denied that housing is available	5	12.2%
Housing provider discriminated in treatment of buyers or renters	5	12.2%
Housing provider used discriminatory advertising	3	7.3%
Housing mortgage lender discriminated in denying mortgage	3	7.3%
Housing provider refused to make reasonable accommodations for disabled tenant	2	4.9%

Note: Respondents could identify more than one reason for impediment and/or housing discrimination. Percentages will not equal 100 percent.

Source: BBC Research & Consulting.

Barriers to fair housing. Advocacy respondents were asked to evaluate a number of possible barriers to housing choice in Indianapolis and to rate those impediments on a scale of zero to three. Zero indicates no barrier and three indicated a serious barrier. Exhibit V-3 on the following page arrays these barriers and their average score, from lowest (least serious) to highest (most serious).

Exhibit V-3.
Severity of Barriers to Fair Housing in Indianapolis



Note: 0=not a barrier, 1=a minor barrier, 2=a modest barrier, 3=a serious barrier.

Source: BBC Research & Consulting.

The highest scoring (most serious) barrier identified was “income levels of minority and female-headed households.” This barrier averaged a rating of 2.0, which indicates a modest barrier to fair housing. Both “lack of knowledge among *residents* regarding fair housing” and “concentration of affordable housing in certain areas” scored second highest (1.9).

Two other impediments also posted scores indicating a minor to modest barrier: “lack of knowledge among *small landlords* regarding fair housing” (1.6) and “lack of knowledge among *large landlords/property managers* regarding fair housing” (1.4).

The two lowest scoring (least serious) impediments included “restrictive covenants by homeowners associations or neighborhood organizations” (0.9) and “lack of adequate zoning for manufactured housing” (0.6). The scores of the remaining categories indicated primarily minor barriers: “lack of a local organization devoted to fair housing investigation/testing”, “concentration of group homes in certain areas” and “use of ‘neighborhood stability’ or similar factors as proxies for racial makeup in appraisals” all scored 1.3, and “lack of knowledge among bankers/lenders, realtors and appraisers regarding fair housing” and “limitations on density of housing” both scored 1.1. “Lack of knowledge among insurance industry representatives regarding fair housing” scored 1.0.

“I have never seen discrimination in the sale of a home.”

Equality of city services. The survey also asked advocacy respondents about the equality of city services. Respondents ranked numerous city services on a scale of zero to three, where zero indicated services being delivered very equitably and three indicated services being delivered very inequitably. Exhibit V-4 shows the city services respondents were asked to evaluate and their average score, from lowest (very equitable) to highest (very inequitable).

Exhibit V-4.

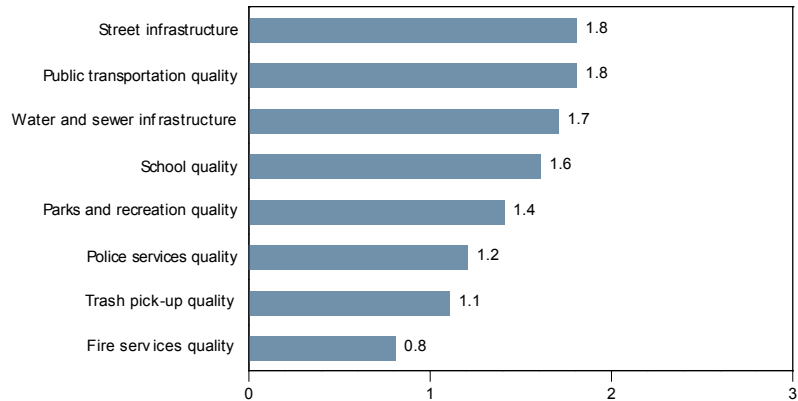
Equality of City Services

Note:

0=not a barrier, 1=a minor barrier, 2=a modest barrier, 3=a serious barrier.

Source:

BBC Research & Consulting.



No city service was ranked moderately or very inequitable. Of all the city services, “street infrastructure” and “public transportation quality” were rated the least equitable. Respondents ranked these services between moderately equitable and moderately inequitable (or an average of 1.8). Respondents also indicated concern about “water and sewer infrastructure” (1.7) and “school quality” (1.6). “Fire services” ranked the lowest at 0.8, thus indicating very equitable services.

Advocacy respondents were also asked to identify the townships or neighborhoods with the greatest service needs. Respondents indicated north Indianapolis as being in the most need of street and sidewalk repairs. All areas of the city were considered to be in need of better public transportation. Respondents also identified Center Township and the eastside of the city as needing improvement in water and sewer infrastructure and school quality.

Reporting violations. Respondents indicated that 70 percent of Indianapolis residents were not aware of how to report fair housing impediments and/or violations. When asked about the organizations to which fair housing violations are reported, 13 percent of respondents correctly identified the Indiana Civil Rights Commission (ICRC), the primary point of contact for fair housing complaints, and 33 percent of respondents listed HUD. (Although HUD does accept fair housing complaints, they are all passed on to ICRC for investigation. As such, ICRC currently serves as the primary organization for taking housing complaints in Indianapolis).

Nearly 95 percent of advocacy respondents believe that some fair housing violations are not reported. Respondents were asked to estimate what percentage of violations that they believed are unreported. Estimates ranged from 10 percent to 90 percent, with an average of 42 percent.

This is much lower than the National Fair Housing Alliance estimate that 99 percent of the incidences of housing discrimination in the U.S. are unreported.

Respondents were asked to identify the reasons why people do not report incidents of housing discrimination. The top reasons included the following:

- ☐ Belief that no action will be taken if the fair housing violation is reported (listed by 26 percent of respondents who answered this question);
- ☐ Lack of knowledge about fair housing (23 percent);
- ☐ Fear of eviction and/or reprisal (23 percent);
- ☐ Lack of knowledge of where and how to report fair housing impediments and/or discrimination (19 percent); and
- ☐ Language barriers and cultural reluctance (10 percent).

“Lower income people feel that nothing will be done on their behalf.”

As a follow up to this question, respondents listed various actions that should be undertaken in Indianapolis to address fair housing impediments and/or discrimination and who should be responsible for the actions. The top actions and who should be responsible included:

- ☐ Increase education on fair housing issues - HUD, State Attorney General, Indiana State Government;
- ☐ Improve dissemination of information (e.g., distribution of pamphlets) - landlords, property managers;
- ☐ Establish a one-stop organization to investigate fair housing complaints - City of Indianapolis;
- ☐ Develop testing and investigative methods - HUD, residents of the community; and
- ☐ Hold a Fair Housing Summit to develop a plan to increase fair housing awareness and education - Community Development Corporations (CDC), bank managers, apartment managers, local businesses and Realtors.

Real Estate Professionals Survey

It should be noted that this survey is not representative of the experience of Marion County residents overall, some of it was distributed to key organizations, not citizens. A total of 2,600 real estate professionals surveys were distributed, and 188 were returned for a response rate of 7.2 percent. A copy of the real estate survey instrument can be found in Appendix A.

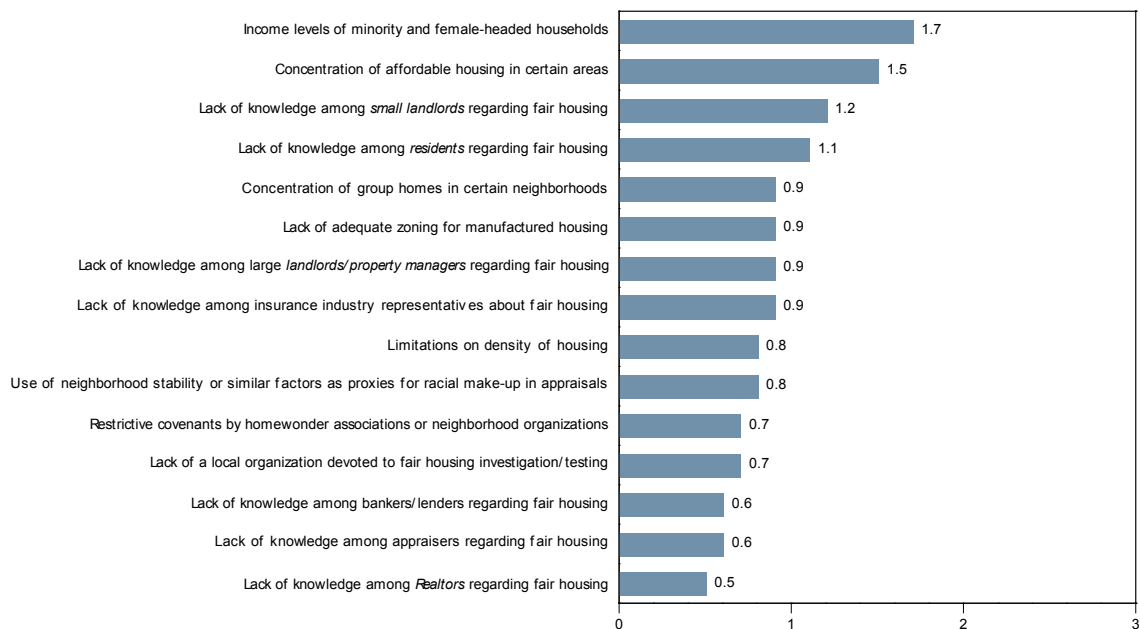
The survey asked respondents to identify which aspect of the real estate industry in which they work. Over 85 percent of the real estate professionals who responded to the survey work in residential sales.

More than 20 percent are rental property owners, 12 percent are property managers and approximately 1 percent work in lending. Fifteen percent listed other types of real estate work.¹

Barriers to fair housing choice. The survey asked the real estate professionals to evaluate a number of possible barriers to fair housing choice in Indianapolis. Respondents were asked to rank the barriers, where zero indicated there was no barrier and three indicated a serious barrier.

Exhibit V-5 displays these barriers and their average score, from lowest (least serious) to highest (most serious).

Exhibit V-5.
Severity of Barriers to Fair Housing in Indianapolis



Note: 0=not a barrier, 1=a minor barrier, 2=a modest barrier, 3=a serious barrier.

Source: BBC Research & Consulting.

According to the real estate professionals, “income levels of minority and female-headed households” pose the most serious (highest scoring) barrier to fair housing choice (1.7). “Concentration of affordable housing in certain areas” ranked second highest at 1.5, indicating a minor to modest barrier. Two other categories pose a minor barrier according to respondents, “lack of knowledge among *small landlords* regarding fair housing” (1.2) and “lack of knowledge among *residents* regarding fair housing” (1.1). All other possible barriers were considered to be

¹ Respondents could identify with more than one industry, thus the percentages total over 100 percent.

relatively non-existent by respondents (average score less than one), with “lack of knowledge among *Realtors* regarding fair housing” receiving the lowest score (0.5).

“We welcome people from all backgrounds to own the best home they can afford.”

Equality of City services. Real estate professionals were also asked to evaluate the equality of city services across city neighborhoods using a scale of zero to three with zero indicating a very equitable distribution and three indicating a very inequitable distribution. Exhibit V-6 summarizes the respondents’ rankings of the equality of city services.

Exhibit V-6.

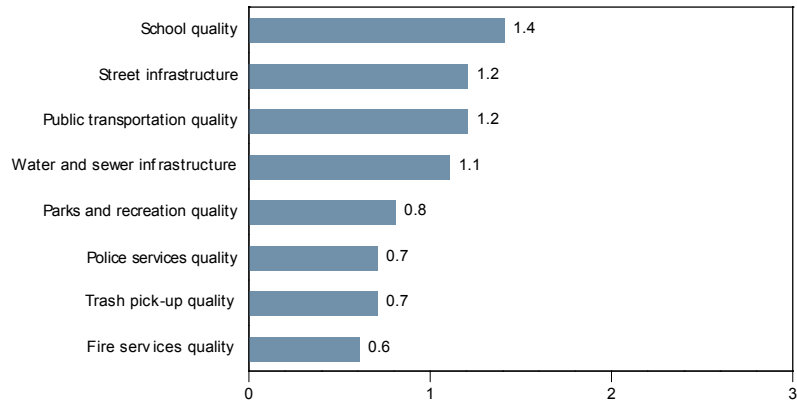
Equality of City Services

Note:

0=not a barrier, 1=a minor barrier, 2=a modest barrier, 3=a serious barrier.

Source:

BBC Research & Consulting.



As shown above, “school quality” was rated the highest (least equitable) at 1.4, indicating a moderately equitable to moderately inequitable quality. Respondents overwhelmingly cited the Indianapolis Public School District and the City of Indianapolis/Center Township as areas with poor school quality. “Street infrastructure” and “public transportation quality” were also considered moderately equitable (both 1.2); respondents wrote that these services need improvement throughout Indianapolis. Although “water and sewer infrastructure” ranked moderately equitable (1.1), the majority of written comments addressed it as an issue. As in the advocacy survey, “fire services” ranked the lowest (most equitable) at 0.6.

Predatory lending. Real estate professionals were also asked to rate how often certain predatory lending acts occurred in Indianapolis. A ranking of zero indicated the act never happens, while a ranking of three indicated the act occurs very frequently. The average score of all three predatory lending examples listed in the survey ranked below 1.5, indicating they occur relatively infrequently.

Respondents were also asked to identify predatory lending practices that area serious problem in the Indianapolis area. These practices included the following:

- ☐ Programs that allow very high (up to 125 percent) loan-to-value. The Nehemiah program was given as an example by a number of Realtors. Real estate professionals feel that borrowers using such programs often end up with loans they cannot afford.
- ☐ Appraisals being inflated for more than market value (particularly for new homes).

- ❑ Subprime loans being made to borrowers with poor credit histories at extremely high rates.

Reporting violations. The survey asked respondents if they believed Indianapolis residents were aware of how to report fair housing impediments and/or violations. Nearly 60 percent of the real estate professionals answered “No”. Respondents were also asked to list to which organizations they assumed most fair housing violations are reported. Less than half of the total respondents answered this question, but nearly 70 percent of those who did identified the correct organizations. Three of the 89 respondents identified the ICRC and 30 identified HUD.

“We fair much better than other cities I’ve heard about.”

The survey asked the real estate professionals to recommend actions that should be taken in Indianapolis to address fair housing impediments and/or violations and who should be responsible for the actions suggested. Recommendations included:

- ❑ Educate consumers/borrowers about fair housing and predatory lending - HUD, Metropolitan Indianapolis Board of Realtors (MIBOR), City of Indianapolis;
- ❑ Require continuing education for Realtors and lenders - Real Estate Commission, MIBOR;
- ❑ Make information on fair housing and predatory lending more readily available to the public - HUD, ICRC, Realtors and lenders; and
- ❑ Create stricter guidelines and enforcement for lenders, and make lenders more accountable for their actions - State Attorney General, Board of Realtors, MIBOR, HUD.

Other comments. As mentioned above, survey respondents ranked “Realtors’ lack of knowledge of fair housing” as the least possible barrier to fair housing choice. Despite this perception, some of the written comments by the real estate professionals suggest that there is a need for educating Realtors about fair housing issues. These comments ranged from describing the Fair Housing Act as “ridiculous” to suggestions that low-income housing be concentrated in the central city. However, these comments were countered by many encouraging comments – e.g., that real estate professionals strive to serve all persons, regardless of background. In addition, many of the real estate professionals reported that they had not encountered discrimination in the city.

“I don’t want low-income people living near my neighborhood.”

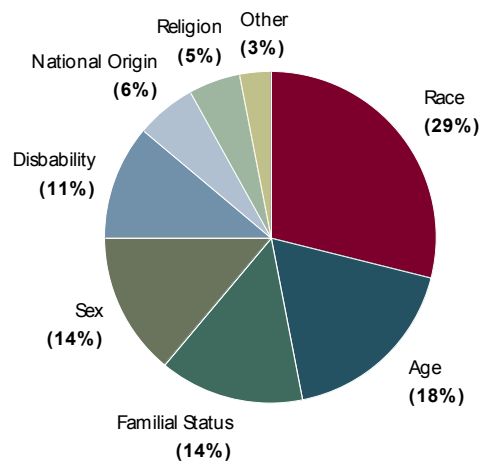
When asked about the activities that real estate professionals find most useful in understanding or complying with fair housing requirements, respondents listed continuing education most often (provided by MIBOR or similar associations), followed by MIBOR publications/newsletters and meetings, *Realtor* magazine, and the *Realtor Voice*.

Resident Survey

In early May 2002, the Department of Metropolitan Development surveyed residents about housing and community development issues as part of the process to develop its 2002-03 Action Plan. The survey included two questions about fair housing issues. The first question asked residents if they had experienced discrimination, and, if so, what type of discrimination. Respondents could select more than one type of discrimination. Fifty-three respondents, or 25 percent of all survey respondents, reported that they had experienced some sort of discrimination. The type of discrimination most prevalent was racial (29 percent of the cases), followed by age (18 percent), and familial status and gender (both 14 percent). Other types of discrimination identified included disability (11 percent of cases), national origin (6 percent), and religion (5 percent). Exhibit V-7 shows the types of discrimination identified by those who had experienced discrimination.

Exhibit V-7.
Types of Discrimination
Identified by
Respondents Experiencing
Discrimination

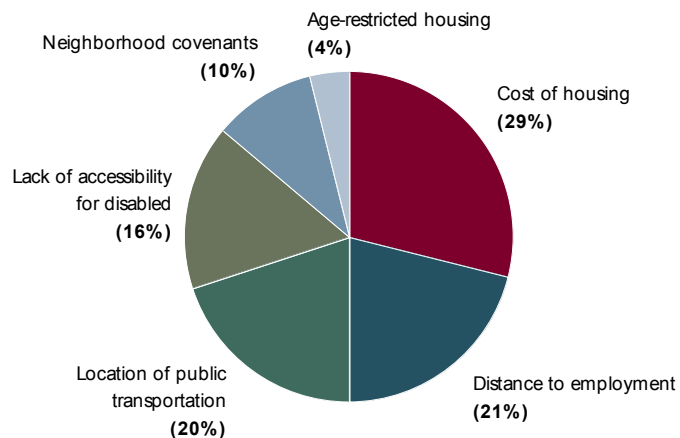
Source:
City of Indianapolis, Department of
Metropolitan Development.



Survey respondents were also asked to identify the major barriers to fair housing choice in the Indianapolis area. The most common barrier was cost of housing, followed by distance to employment, location of public transportation, and lack of accessibility for persons with disabilities. The identified barriers are shown in Exhibit V-8.

Exhibit V-8.
Types of Barriers to
Fair Housing Choice

Source:
City of Indianapolis, Department of
Metropolitan Development.



Key Person Interviews

In addition to the three surveys discussed above, we interviewed persons involved in housing and community development in Marion County to obtain their input on fair housing impediments. (A list of all of the key people interviewed for the AI is located in Appendix B).

The interviewees highlighted many of the same issues and needs as the survey respondents. Key findings from the interviews include the following:

Housing patterns and needs

- ☐ Minorities, particularly African Americans, are not attracted to the southern townships in Marion County because of the lack of services. Other townships provide the services they seek and need.
- ☐ Realtors, even those who are minorities, are often inadvertently steering borrowers to certain areas because of their unfamiliarity with other areas or reluctance to break into someone else's territory.
- ☐ Affordable housing should be scattered site, small multifamily complexes.
- ☐ Downtown revitalization should include mixed income and affordable housing. The city has been encouraging gentrification of downtown, but is not providing housing for those who are displaced as a result.
- ☐ There is a growing problem with landlords failing to make improvements and allowing their properties deteriorate.
- ☐ The city should require affordable housing in exchange for the favorable tax treatment given to developers for locating in the central city.

Lending

- ☐ Low-income neighborhoods have a need for credit counseling programs, flexible underwriting/more loan product options, and homeownership education. There is also a need for home improvement programs in low-income areas.
- ☐ Financial institutions are relatively well distributed in the city. However, most financial institutions do not invest as much in the community as they could; they only do what is required by the Community Reinvestment Act.

Community services

- ☐ The quality of public schools in the central city is a serious problem. There is a lack of affordable housing in areas where good schools are located.
- ☐ There is a need for public transportation to extend outside of the city to areas where job growth is occurring.

- ❑ Grocery stores and retail and commercial properties are needed in the central city.
- ❑ Streets and basic infrastructure improvements are also needed in the central city.
- ❑ Health care clinics are well distributed, especially in the central city.

Summary and Conclusions

This section of the AI reports the findings from the advocacy, real estate professionals, and citizen surveys conducted for the study. It also contains the information gathered in key person interviews. This research found the following:

- ❑ *Discrimination affects a considerable number of Indianapolis residents.* Twenty-nine percent of the advocates and housing and community development professionals who responded to the survey said they were aware of someone experiencing discrimination in the past five years. Twenty-five percent of the residents who responded to the city's survey said they had experienced discrimination. It should be noted that these surveys are not representative of the experience of citizens overall.
- ❑ *Race/national origin, age, familial status and disability are the most common reasons for discrimination.* Respondents of both the advocacy and citizen surveys identified Race as the most prevalent type of discrimination experienced in both the advocacy and citizen surveys.
- ❑ *The top barriers to housing choice identified in the three surveys were all related to obtaining affordable housing.* Advocates, social service providers, and housing/community development and real estate professionals identified low incomes of minorities and female-headed households as the largest barrier to housing choice; the second most commonly identified barrier was the concentration of affordable housing in certain areas. Citizens identified the top barrier as the cost of housing.
- ❑ *An estimated 60 and 70 percent of Indianapolis residents are unaware of how to report fair housing violations,* according to advocacy and real estate professionals survey respondents. When asked about the organizations to which fair housing violations are reported, respondents listed HUD most often. The Indiana Civil Rights Commission, which is currently the primary point of contact for fair housing complaints, was far less likely to be identified.
- ❑ *Public transportation was identified as a problem in all surveys and many interviews.* The respondents to the advocacy survey ranked public transportation the highest in terms of inequitable distribution of service. The citizen survey respondents said location of public transportation was a major barrier to fair housing choice. Interviewees identified a need for transportation outside of the central city to areas where employment growth has occurred. Improvements in infrastructure

(especially water and sewer) and to the quality of central city schools were also identified as top needs.

- *Affordable housing should be better distributed throughout the county. Scattered site housing in areas with good schools and jobs is needed.*
- *Survey respondents' suggested actions to mitigate impediments to fair housing choice centered around education and outreach activities and developing a fair housing center. Interviewees would mitigate impediments by providing more affordable housing stock in outlying areas and improving deteriorating stock in the central city.*

SECTION VI.

Fair Housing Impediments and Action Plan

This section summarizes the impediments to fair housing choice identified in the research conducted for the AI. It also discusses the positive actions related to fair housing that are occurring in the city and county and recommends areas for improvement. The section concludes with the five year Action Plan for the City of Indianapolis.

Summary of Impediments to Fair Housing Choice

Sections II through V presented the research and public outreach processes conducted as part of the City of Indianapolis' 2002 AI. This research identified the following impediments to fair housing choice in Indianapolis and Marion County:

- ❑ **Racial concentration.** Minority and low-income populations in Marion County remain concentrated in Center Township. Whites are the most evenly dispersed of any racial or ethnic group in Marion County; African Americans and Hispanics are the least dispersed. Between 1990 and 2000, white and African American populations left the center city and moved into more suburban townships. Although the movement of white residents into mostly white townships did not help further integration, the dispersion of African American residents is an encouraging trend.
- ❑ **Affordable housing concentration.** Overall, Marion County has a good supply of affordable owner-occupied and rental housing. However, most of the county's most affordable housing – especially for the very lowest income groups – is concentrated in Center Township.
- ❑ **Minorities' access to credit.** Home mortgage lending data show that applicants in areas with moderate and high percentages of minorities had lower loan acceptance and higher denial rates than areas with few minorities, primarily with home improvement lending.
- ❑ **Discrimination.** Housing and community development professionals who responded to a mail survey for this report estimated that 25 to 30 percent of the city's residents have experienced some form of housing discrimination. The most common reasons for discrimination include race, disability, and familial status.
- ❑ **Lack of awareness about fair housing/reporting violations.** Housing and community development professionals who responded to a mail survey for this report estimated that 60 to 70 percent of Indianapolis residents are unaware of how to report fair housing violations. And, many of those who are aware that they have experienced discrimination are reluctant to report it due to fear of eviction, a belief that no action will be taken if it is reported, or because they do not know how.

Positive Actions

There is much good news about the state of fair housing in the City of Indianapolis and Marion County:

City and housing authority policies. City policies were mentioned infrequently by survey respondents and interviewees as contributing to fair housing barriers. In addition, a review of the Indianapolis Housing Agency's (IHA) policies and procedures did not reveal any impediments to fair housing choice for those households served by the agency. Finally, the city's land use policies are largely favorable toward fair housing issues, and encourage dispersion of group homes and manufactured housing (which is often affordable) throughout the city.

Supply of affordable housing. Overall, Marion County has a fairly good supply and distribution of affordable housing, especially for households earning between 50 and 80 percent of the area median income. Affordable owner-occupied homes that have been for sale during the past 3 years have been relatively well distributed and Section 8 rental properties are located in all townships.

Lack of some types of discrimination. Housing discrimination based on religious preferences and gender appears to be rare.

City of Indianapolis activities. The City of Indianapolis has participated in a variety of initiatives to promote fair housing choice in Indianapolis. For the past several years, the City has staffed a booth at the annual Indianapolis Housing Fair sponsored by the Indianapolis Neighborhood Housing Partnership and Fannie Mae and a booth at the Indiana Black Expo to distribute information regarding fair housing and City-funded housing projects. In addition, the City has funded the Indianapolis Housing Agency to promote fair housing initiatives. Also, the City is the Participating Administrative Entity for the Mark-to-Market program. In 2002, the City completed one restructuring plan, which, could potentially, retain ninety-one affordable rental units in Indianapolis. Without the City's involvement in this program, these rental units may have been converted to market-rate units, which could negatively affect fair housing choice for Indianapolis residents.

Other activities. There are two organizations dedicated to mitigating fair housing impediments, investigating fair housing complaints and increasing awareness of fair housing in Marion County: the Marion County Center for Housing Opportunities and the Indiana Civil Rights Commission.

- **Marion County Center for Housing Opportunities.** The Marion County Center for Housing Opportunities (MCCHO) arose from a resolution of the desegregation lawsuit between the United States government and Indianapolis Public Schools (IPS). MCCHO is a department of IHA, which was not a party to the desegregation lawsuit, but became involved in the resolution because of its interest in achieving diversity in the schools and housing in Marion County.

MCCHO's mission is to promote freedom of choice and housing opportunities throughout Marion County. The organization has been up and running since 2001.

Its activities thus far have primarily consisted of education and outreach. Since its inception, MCCHO has conducted 27 training sessions to introduce the organization and its services and educate Marion County residents about their fair housing rights. MCCHO also takes complaints about fair housing discrimination, but passes them on to the ICRC for investigation and resolution. MCCHO recently implemented a Mobility Counseling Program to facilitate racial integration and diversity throughout the county.

- **Indiana Civil Rights Commission.** The Indiana Civil Rights Commission (ICRC) is the state's fair housing enforcement agency. The ICRC investigates fair housing discrimination complaints and conducts investigative testing into fair housing practices. In addition, the ICRC Fair Housing Task Force is engaged in public education and outreach activities. The Task Force has conducted workshops on fair housing throughout the state, sponsors an annual Fair Housing Conference in Indianapolis, assists cities with the development of fair housing councils, and organizes seminars on fair housing issues for consumers, housing providers, and real estate professionals.

Areas for Improvement

Despite the good news described above, fair housing challenges remain. The areas in which the city and county could improve include the following:

Provide equal distribution of affordable and special needs housing. As the county's outer townships mature, they should be sharing the responsibility for housing the county's populations with the greatest needs, including persons with low incomes and persons with disabilities.

Coordinate affordable housing development. Development and support of affordable housing requires concerted efforts by multiple parties including government agencies, housing organizations, nonprofits, advocates and real estate professionals. These entities should be continuously coordinating affordable housing efforts.

Improve the awareness of fair housing and reporting of violations. Survey respondents reported that, on average, 42 percent of respondents believe that fair housing discrimination is not reported. The top reasons that people do not report incidences of discrimination include: belief that no action will be taken, lack of knowledge about fair housing rights, and fear of eviction or retaliation.

Increase professionals' knowledge of fair housing issues. The survey responses were mixed on professionals' knowledge of fair housing issues. Respondents ranked lenders' knowledge of fair housing as a minor barrier, but in written comments pointed to certain lending practices as being very problematic. Respondents also identified landlords' lack of knowledge about fair housing issues as a concern. Finally, some of the written comments from real estate professionals suggested a need for improvements in sensitivity toward protected classes and understanding of fair housing issues.

Improve community services. Public transportation and public schools have the greatest need for improvement, according to survey respondents and interviewees. Public transportation systems should be more efficient, require fewer transfers, and extend to outlying areas where job growth has occurred. The quality of IPS schools needs to improve to ensure that children living in the central city are not receiving a lower level of education than their suburban peers.

Action Plan

The city developed the following action plan to mitigate fair housing impediments and overcome the challenges identified above.

1. *Work towards desegregating the racial makeup of the county and deconcentrating affordable housing.*

- ☐ The city will actively work with MCCHO to support the organization's Mobility Counseling Program, which encourages Section 8 tenants and families of children who have been bused to explore housing options in suburban townships.
- ☐ *Goal: The city will be actively participating in MCCHO's activities in the next year.*
- ☐ The city will encourage affordable housing development in the outer townships, especially in Franklin and Decatur.
- ☐ *Goal: All townships should have at least 15 percent of their total rental and owner-occupied housing stock affordable to households earning 50 percent of the area median income or less.*
- ☐ The city will work to ensure that the real estate professionals who are selected for city-sponsored affordable owner-occupied developments include minorities.
- ☐ *Goal: Ensure that the next large city sponsored affordable owner-occupied development includes minority Realtors.*

2. *Increase awareness of fair housing and the complaint process.* The city will work with MCCHO, ICRC, or the new fair housing agency to raise awareness of the fair housing rights and the complaint process.

- ☐ Establish a central phone number to call where complainants can inquire about fair housing issues and how to file a complaint.
- ☐ Implement a city marketing campaign to educate the public about fair housing and how to file complaints. Such a campaign might be modeled after that recently launched by the ICRC Fair Housing Task Force.
- ☐ *Goal: The above activities will be implemented during the next three years.*

3. *Work with the Metropolitan Indianapolis Board of Realtors (MIBOR) to implement training programs to increase awareness of fair housing issues among real estate professionals.*

- ☐ Contribute articles to MIBOR publications on the basics of fair housing issues and the process of making fair housing complaints in Marion County.
- ☐ Work with MIBOR to develop a flyer on fair housing issues that will be distributed by Realtors to their clients.

4. *Establish or support an existing homeownership counseling/education program.*

- ☐ *Goal: Work with the Indianapolis Neighborhood Housing Partnership to expand their current program or establish a new program. This program would provide information about what is required to obtain home mortgage and improvement loans and how government programs might help. The program would also describe predatory lending practices and how to detect and avoid such loan offers. The program will be targeted to households in the census tracts with the highest home loan denial rates. Local financial institutions will be involved.*
- ☐ *Goal: During the next year, work with neighborhood organizations and community development corporations in areas with loan denial rates that are consistently higher than average (e.g., the Martindale-Brightwood area) to better understand the underlying cause for the denial of credit in these communities. This might include holding focus groups with or surveying individuals who have been denied loans.*

5. *Continue the regional transportation process that was developed during the Comprehensive Planning process.*

- ☐ *Goal: Ensure that regional transportation planning continues to move forward during the next three years.*

APPENDIX B.

Key Person Interviewees

Name	Organization
Patricia Henderson	Marion County Center for Housing Opportunities
Sandra Sandifer	Marion County Center for Housing Opportunities
Keith Holdsworth	City of Indianapolis, Department of Metropolitan Development
Todd Dorcas	City of Indianapolis, Department of Metropolitan Development
Larry Williams	City of Indianapolis, Department of Metropolitan Development
Bob Wilch	City of Indianapolis, Department of Metropolitan Development
Cheryl Hall	Indianapolis Coalition for Neighborhood Development
Jill Iger	Indianapolis Housing Agency
Katie Goar	Indianapolis Housing Agency
Michael Cervay	Indianapolis Housing Agency
Roderick Bohannon	Attorney at Law
Jim Keller	Manufactured Housing Association
Martha Kenley	Indiana Civil Right Commission
Judy Kochanczyk	Indiana Civil Right Commission
Dorothy Jones	BOS Community Development Corporation
Lisa Susemichael	Indianapolis Neighborhood Housing Partnership
John Thomas	Community Action of Greater Indianapolis
Anne-Marie Predovich	Community Alliance of the Far Eastside
Jeff Marble	Mapleton Fall Creek Development Corporation
Robert Frazier	King Park Area Development Corporation
Jim Davie	United North East Community Development Corp.
Jeff Gearhart	West Indianapolis Development Corporation
Mark Stokes	Westside Community Development Corporation